THURSDAY, 5 MARCH 2020 16 pages in 1 sectior MUMBAI (CITY) ₹9.00 VOLUME XXIV NUMBER 144

THE MARKETS ON	WEDNESDAY	Chg#	
Sensex	38,409.5 🔻	214.2	
Nifty	11,251.0▼	52.3	
Nifty futures*	11,247.1 🔻	3.9	
Dollar	₹73.2	₹73.3**	
Euro	₹81.6	₹81.4**	
Brent crude (\$/bbl)**	52.6##	51.7**	
Gold (10 gm)***	₹43,130.0▲	₹854.0	
*(Mar.) Premium on Nifty Spot; **Previous close;			

Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA

ED FILES FRESH CASE AGAINST JET'S GOYAL

The Enforcement Directorate (ED) has filed a fresh case against Naresh Goyal, former chairman of now-defunct Jet Airways, under the Prevention of Money Laundering Act. The move follows a recent complaint filed against Goyal in Mumbai's economic offence wing. On Wednesday, ED officials carried out searches at his Mumbai residence. He was also summoned by the probe agency and then brought to his residence late evening. The ED was earlier probing violations of forex rules allegedly committed by him.

ECONOMY & PUBLIC AFFAIRS P6 Services activity at 7-yr high in February: PMI

The services sector continued to ring in the good times in February as an uptick in exports and rising new orders resulted in growth touching a seven-year high, according to a monthly survey released on Wednesday. The widely tracked Nikkei India Services Purchasing Managers Index stood at 57.5 in February, up from 55.5 in January.

THE SMART INVESTOR P10 SBI Cards IPO subscribed over 15 times on Day 3

The SBI Cards initial public offering (IPO) has got a thumbs up from institutional investors despite the turmoil in the secondary market. The so-called qualified institutional buyer segment was subscribed 57x, with the cumulative bid amount crossing a record ₹1 trillion. Overall, the IPO has been subscribed 15.2x.



PERSONAL FINANCE: Small businesses should buy extra cover A riot may be a low-probability

13

event, but the damage it causes can incapacitate you financially, writes SANJAY KUMAR SINGH

TECHNOLOGY:

Engineering goes digital 14 Engineering and construction major L&T is executing complex projects with the help of connected machines powered by the latest technologies. TE NARASIMHAN reports

HDFC Bank recasts search



COMPANIES P2

Integration of balance sheets to be effective from April 1; bank boards to meet soon to finalise the share swap ratio

SOMESH JHA New Delhi, 4 March

he government on Wednesday approved a scheme for the amalgamation of 10 stateowned banks into four, putting to rest any doubts about a possible delay in the process.

Effective from April 1, 2020, the balance sheets as well as stocks of these banks will be integrated, according to the scheme of amalgamation approved by the Union Cabinet.

Punjab National Bank (PNB), Oriental Bank of Commerce, and United Bank of India will combine to form the nation's secondlargest lender. Canara Bank will take over Syndicate Bank: Union Bank of India is planned to be amalgamated with Andhra Bank and Corporation Bank; and Indian Bank will subsume Allahabad Bank.

"Businesses and industry will benefit through an increased

lending capacity, with the regu-

Direct foreign listing of companies permitted

The Union Cabinet on Wednesday approved 72 changes to the Companies Act, 2013, with a thrust on decriminalising compoundable offences and allowing direct foreign listing for domestic firms to boost "Brand India". The nod for the Companies amendment Bill, likely to be tabled in the ongoing Parliament session, has been given to ease compliance burden related to CSR by exempting firms with obligation to spend ₹50 lakh or less. 6

Finance Minister Nirmala Sitharaman said the government weighed the benefits arising out of the BoB amalgamation before taking a call

latory ceiling for lending to indi- ward. The first step will be to vidual borrowers increasing by over ₹1,500 crore to ₹3,000 crore, a senior finance ministry official said, adding that the banks would be able to support specialised loan products, such as supply chain financing and cash man-

agement services. The banks will swing into action to take the process for- holders.

approve the swap ratio for stocks, with anchor banks expected to hold board meetings in the coming days. PNB is scheduled to hold its board meeting on Thursday.

UBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

The banks will set up an independent committee to address the grievances of minority share-Turn to Page 15

NRIs allowed to own up to 100% stake in Air India

In order to shore up interest in the privatisation of Air India, non-resident Indians, who are citizens of India, have been allowed to own 100 per cent in the airline. The small tweak has now brought foreign investment rules in Air India on a par with other private carriers. This has been termed a landmark decision by Union minister Prakash Javadekar. He said the move would increase the opportunity 6 for gaining investment for the airline.



BACK PAGE P16

NIRAV MODI ASSETS BEAT

ESTIMATES IN AUCTION

5K entities told to avail of Vivad se **IC**

	Cases	Amount		
	pending	involved (₹ cr)		
CIT (Appeals)	62,085	205,654		
ITAT	10,484	131,328		
DRP	192	13,430		
High courts	6,995	79,255		
Supreme Court	427	20,343		
Noto: Pacod on the latest data on direct tax litigation				

complied by I-T department as of Feb 28; CIT- Commissioner I-T Appeals; DRP- Dispute Resolution Panel; ITAT- Income-tax Appellate Tribunal ce: I-T official

The Income-Tax (I-T) Department has so far approached 5,627 entities, egging them on to avail of the offer under Vivad se Vishwas, or the direct tax dispute settlement scheme.

Those approached include large taxpayers, mostly foreign banks that have disputes relating to international taxes.

Of these, 1,730 assessees, involving a tax demand of ₹1,578 crore, have agreed to come under the scheme, according to the preliminary report prepared by the department. Meanwhile, the Lok Sabha on Wednesday

passed the Vivad se Vishwas Bill amid din. The Bill was passed with the amendments cleared by the Cabinet recently.

The preliminary report was discussed on February 28 in a meeting called by an oversight committee (an internal panel formed to supervise Vivad se Vishwas).

The committee was apprised of various strategies, the latest numbers on pending appeals in different judicial forums, and a further action plan to make the scheme a success, said a tax official in the know. Turn to Page 15

SC lifts crypto ban, quashes **RBI circular**

RAJESH BHAYANI & ANUP ROY Mumbai, 4 March

es in India.

representation of value. They

can be digitally traded and can

function as a medium of

exchange and/or a unit of

account and/or a store of value,

Bill proposes to ban all cryp-

tocurrencies except state-

issued ones. Until then, all

intermediaries and banks

which were forced to shut

down platforms providing the

trading of crypto currencies are

free to operate in India."

status of legal tender.

The Supreme Court on Wednesday set aside the Reserve Bank of India's (RBI's) April 2018 circular asking banks and entities the central bank regulated to stay away from dealing in crypto currencies, including Bitcoin.

The judgment said the circular had been "set aside on the STATUS CHECK ground of proportionality". This has given a major relief to **5 million:** Indian users exchanges dealing in these engaged in virtual currency crypto currencies. It opens a activities window for developing a market for crypto currencies, which ₹100 crore: Worth of are formally traded in deriva-

trade Indian crypto tives markets in the US, with exchanges were having per CME allowing trade in them. The 180-page Supreme day till April 2018

Court judgment, by a three-5,161: Number of cryptocurrencies globally, iudge Division Bench, in a way whose combined market cap allowed trading and investment in crypto assets and is about \$250 billion exchanges offering this servic-

63.7%: Share of Bitcoin, the largest and first crypto; has Crypto currencies are virtumarket cap of \$159 billion al currencies and are a digital

Govt committee had proposed ban on cryptocurrencies, and a draft Bill is ready

though they do not have the WHERE OTHER **COUNTRIES STAND**

Rachit Sharma, deputy general manager, Taxmann, said: **Canada:** Cryptocurrencies 'The Supreme Court's order permitted as a payment could be a temporary relief for system and as a form of investors and intermediaries. investment; income from The government has a draft them is taxed framework in place for regulating cryptocurrencies. The draft Switzerland: Permitted as

a payment system (including consumer-togovernment transactions) and as a form of investment

Japan: Permitted and regulated as a payment system

Former finance secretary China: Banned for all Subhash Garg headed the purposes committee to propose action on virtual currencies. In its Source: PRS India report, the committee had recommended banning private

L&T plans to become asset light, reduce debt by ₹30,000 crore

tax Appellate Tri PHOTO: PTI SHRIMI CHOUDHARY New Delhi, 4 March



Ausiness Standard

Vishw	vas s	chem
UNDER TAX NET Appeals pending before various judicial fo		
	Cases	Amou ₹) hovolved

UNDER TAX NET Appeals pending before various judicial forums				
	Cases pending	Amount involved (₹ cr)		
CIT (Appeals)	62,085	205,654		
		424 220		

	pending	involved
CIT (Appeals)	62,085	205,654
ITAT	10,484	131,328
DRP	192	13,430
High courts	6,995	79,255

panel for Puri's successor

HDFC Bank has reconstituted the search panel instituted to find the successor to . Aditya Puri, MD and CEO of the bank. Keki Mistry has been replaced by Renu Karnad of the bank's parent HDFC in the search panel. Mistry leaves the board of the bank after completing eight consecutive years as a director - the maximum tenure that regulation allows. PTI

COMPANIES P2 Warburg may exit

JV with Embassv

US-based private equity fund Warburg Pincus is looking to exit Embassy Industrial Parks, its joint venture with Bengalurubased Embassy Group, four and a half years after it signed the \$250-million deal to build industrial and warehousing spaces in the country, said sources in the know.

Mumbai, 4 March Construction and engineering major Larsen & Toubro (L&T) is set to reduce its debt by ₹30,000 crore in the next financial year by selling its entire stake in L&T Infrastructure Development Projects (IDPL) and Nabha Power, and transferring its stake in Hyderabad Metro to an infrastructure

AMRITHA PILLAY & DEV CHATTERJEE

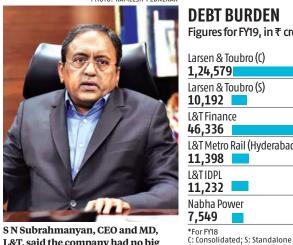
To sell off L&T IDPL, Nabha Power;

transfer Hyderabad Metro to an InvIT

investment trust (InvIT). S N Subrahmanyan, chief executive officer (CEO) and managing director (MD) of L&T, said the plan for the next financial year was to become asset light and reduce debt wherever possible. "We

already had a meeting with the Andhra Pradesh chief minister, who has agreed to transfer the ownership of Hyderabad Metro to an InvIT. This will help us to reduce debt and cut finance cost at the SPV (special purpose vehicle) level," Subrahmanyan told Business Standard in an interview.

L&T had a consolidated debt of ₹1.24 trillion as of March 2019, with the finance cost of ₹9,354 crore last year. The consolidated debt includes a debt of ₹46,336 crore of its finance company. "We plan to bring down our stake in L&T IDPL to zero and are talking to existing as well as new investors for sale of our residual stake," he said. Turn to Page 15



L&T, said the company had no big Sources: Annual reports/Capitaline Compiled by BS Research Bureau capex plan for the next financial year

DEBT BURDEN Figures for FY19, in ₹ crore Larsen & Toubro (C) 1,24,579

L&T Metro Rail (Hyderabad)*

imprisonment of up to 10 years examined, and the government for anyone dealing in them. the matter. The panel has suggested a

cryptocurrencies in India, with federal digital currency be should keep an open mind on Turn to Page 15

the order passed by the CCI in

NCLAT ASKS CCI TO PROBE FLIPKART

The National Company Law Appellate Tribunal (NCLAT) on Wednesday asked the **Competition Commission of** India (CCI) to initiate again the probe against e-commerce major Flipkart for alleged use of its dominant position. A three-member Bench of the NCLAT headed by Chairman Justice S J

this regard. Earlier, the CCI had absolved e-commerce major Flipkart of the charge of unfair practices using its dominant position. The appellate tribunal

has directed the CCI to ask its probe arm to investigate the allegations. Flipkart said it was waiting for

3

Mukhopadhaya has set aside the copy of the order.

India Inc copes with coronavirus threat as cases jump to 29

Across the country, companies have stepped up their act to contain the crisis. IT and other new economy firms seem to have taken a lead

BS REPORTERS

Bengaluru/ Hyderabad/ New Delhi/ Mumbai, 4 March

Mindspace IT Park, Hyderabad's largest office hub spread over several acres, was a centre of panic on Wednesday as a techie tested positive for coronavirus. The complex, housing many marquee brands, caught on to the news in no time, prompting employers to send their staff home.

 $An \, employee \, of \, Dutch$ company DSM Shared Services, the software professional had recently returned from an assignment in Italy. Hers was the second confirmed case of the virus in Telangana. "Our thoughts are with our colleague, who is doing relatively well and is



FMCG companies are also taking several precautionary measures to minimise employee exposure PHOTO: PT

being treated in quarantine," the company said in an internal e-mail. More than 1,000 km away, in Gurugram, next to New

Delhi, another person tested positive, this time in the Paytm office, taking India's tally to 29. He too had returned from a vacation in

Italy. The company has asked its staff to work from home for a couple of days while the office gets sanitised.

Across the country, India Inc has stepped up its act to contain the crisis. IT and neweconomy companies seem to have taken a lead.

At the Manyata Tech Park in Bengaluru, a US-headquartered software product company advised its employees to work from home till Friday, after an associate who had travelled from an affected country showed flu-like symptoms. Even though the person was declared asymptomatic by medical experts, the company began disinfecting the campus as a precautionary measure. While online major

case of coronavirus in its Seattle office, the company's India unit felt the ripple effect. Amazon India has imposed travel restrictions. advisingemployees to prioritise health over efficiency. According to the advisory, all domestic travels by the employees can be

Amazon confirmed its first

undertaken only after consulting the manager while approval from vicepresident is required for international travels.

Walmart-ownedecommerce firm Flipkart too has imposed a complete ban on all business travels, both domestic and international In case the travel is unavoidable, CEO Kalyan Krishnamurthy must give an approval.

FIGHTING THE ENEMY

- Paytm asks employees in Gurugram office to work from home for a couple of days after
- a positive case Many companies at Mindspace IT Park, Hyderabad, send their staff
- home as a woman techie diagnosed with virus
- Work-from-home advisories in many offices at Manyata Tech Park in Bengaluru

INSIDE STORIES



Vendors getting screened in Intel's Bengaluru office

Restriction on international travel at Amazon India, Flipkart, TCS, Enterprises, and Titan

- Monitoring teams put in place at Wipro to assess the crisis
- Tech Mahindra, IPE Global





GOLD PRICES HEADING TOWARDS ₹50,000-MARK

A sudden reversal in gold price, which went up nearly ₹1,000 on Wednesday, has again given rise to hopes that the yellow metal would soon touch the ₹50,000-mark (per 10 gram). Despite some correction in India as well as globally, the gold price outlook looks quite bullish now. Analysts say, technically, the virus spread has set a strong bullish tone. 4











Turn to Page 15



Godrej, RPG



Events cancelled at

COMPANIES



Sun Pharmaceutical Industries -420 Shanghvi Finance acquires 405.70-1.98 million shares 393.35via open market 380 -374.60 ₹405.70 CLOSE ▲ 3.14% UP*

SpiceJet -88.85

_94	Aviation stocks under
_86	pressure amid
1 78	coronavirus fears
2 70	₹70.90 CLOSE
ar 4	▼4.64% DOWN*

IndusInd Bank ^{1,150} Top loser among 1.135.05 1,109.00_1,120 Sensex stocks

1,066.25 ₹1,066.25 CLOSE 1.060 ▼ 3.85% DOWN*

MUMBAI | THURSDAY, 5 MARCH 2020 Business Standard



Asian Paints ^{-1,870} Benign raw material 1,826.55 1,849.85 ₽1,840 prices led to margin

1,801.65 expansion 1.810 ₹1,849.85 CLOSE .780 ▲ 2.67% UP*

IN BRIEF

HC seeks reply on PIL seeking grounding of A320neo aircraft

The Delhi High Court on Wednesday sought responses of the Centre, aviation regulator DGCA, IndiGo, and GoAir on a plea seeking grounding of A320neo aircraft with faulty engines. The Bench issued notices to the ministry of civil aviation, directorate general of civil aviation (DGCA), IndiGo, and GoAir on a

petition that contended the entire fleet of A320neo aircraft ΡΤΙ should be grounded "in larger interest of public safety".

ByteDance woos India's Gen Z with Resso

ByteDance, which runs shortvideo platform TikTok, has launched a music streaming service 'Resso' to take on competitors like Gaana, JioSaavn and Spotify in the Indian market. Resso. which calls itself the world's first social music streaming app, is also looking at expanding its service to Indonesia in the the next few months.

Tata Coffee launches e-com platform for premium offerings

Tata Coffee, a subsidiary company of Tata Consumer Products, announced on Wednesday the launch of its e-commerce platform. The website debuted with three variants of luxury single origin specialty coffees named 'The Sonnets-The voice of our estates.' ΡΤΙ

Companies to give average 7.8% salary hike in FY21: Survey



Companies operating in India are likely to give an average salary hike of 7.8 per cent to their employees for the financial year 2020-21, according to a survey by Deloitte India. The lower salary increment, as compared to the preceding year, is in line with the higher margin pressure on companies and economic headwinds PT

Motilal PE invests in diagnostics company Molbio

Sonata Software acquires Australian company GBW

Sonata Software on Wednesday announced signing of definitive agreements to acquire GAPbusters (GBW), a Melbourne-headquartered firm in the Customer Experience space. Financial details of the transaction were not disclosed. PTI

Domestic passenger traffic rose by 2.5% in Jan. savs IATA



While the domestic air passenger traffic in China fell down by 6.8 per cent during January due to the novel coronavirus outbreak, Indian domestic passenger traffic rose by 2.5 per cent in the same time period, global airlines body IATA said on Wednesday. "RPK (revenue passenger kilometres) growth in the India domestic market was broadly unchanged in January compared to December, at 2.5 per cent year-onyear," said a statement issued

port Association (IATA). I-T finds ₹3,500-cr TDS default by oil, telcos in Delhi

by the International Air Trans-

PTI

The Income Tax Department has detected Tax Deducted at Source (TDS) default default of more than ₹3.500 crore after it surveyed a major oil company and a telecom operator in the national capital, the CBDT said on Wednesday. In the case of the oil firm, the CBDT said TDS default of about ₹3,200 crore was detected. PTI

Stanza Living forays into housing for working individuals Student housing start-up Sta

nza Living on Wednesday said

the firm would enter into man-

aged housing for working prof-

coming quarters. The firm has a

essionals with a planned inv-

estment of ₹150 crore in the

combined capacity of 10.000

beds spreading across Benga-

BS REPORTER

luru, Hyderabad, Pune and

Coimbatore.

IOC's gas pipelines to be part of proposed GAIL arm

ARN 215 (5)-

TOTAL

16,981

(387)

2010, is also interconnected with GAIL's

Hazira-Vijaipur-Jagdishpur Pipeline

(HVJPL) and Dahej-Vijaipur Pipeline

of IOC connects Ennore and Manali, where

IOC subsidiary Chennai Petroleum

official said, "There is an immediate

requirement of creation of natural gas grid.

In addition, the supply side should be in

place with rising demand. Hence, a ded-

icated 100 per cent arm will improve effi-

ciency in transmission sector and will

make the business more transparent."

The remaining 22 km pipeline network

When asked about the plans, a GAIL

(DVPL) network at Dadri.

Corporation has a refinery.

RELIÁNCE

1,774 (84)

GSPL

2,692

(43)

Cabinet to take a call soon; IOC product pipeline not to be part of new subsidiary

70.90

SHINE JACOB New Delhi, 4 March

he government is likely to carve out a separate gas transportation company that will hold the existing natural gas pipelines of both GAIL India and Indian Oil Corporation (IOC). The newly formed company will be a fully-owned subsidiary of GAIL.

The Ministry of Petroleum and Natural Gas has already floated a Cabinet note for inter-ministerial consultation on the creation of a new gas transmission operator. "According to the plan, GAIL will have to pay the book value for the existing natural gas pipelines of IOC. This will be integrated with the newly formed subsidiary," said an official, who is close to the development.

The official clarified that IOC's petroleum product pipelines will not be part of the proposed GAIL arm. The Union Cabinet is likely to take a call on this proposal soon.

According to industry experts, the construction cost of natural gas pipeline would be around ₹3-3.5 crore a kilometre. This would mean that GAIL will have to pay around ₹500-600 crore to buy IOC's natural gas pipelines.

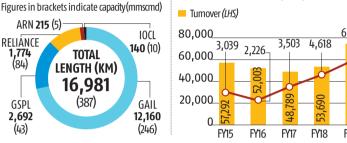
At present, the country has 16,981 km of natural gas pipeline with a capacity of 387 million metric standard cubic meters per day. Of this, GAIL owns 12,160 km, while IOC has around 162 km.

In February, GAIL Chairman and Managing Director Manoj Jain said the government was working on a proposal to set up a 100 per cent subsidiary of GAIL to comply with regulations that require transportation and marketing of gas to be a separate business. The new entity will be formed within a year "once the Cabinet nod is in place". The proposed arm is expected to have around 15 per cent share of GAIL's revenue.

companies that have natural gas pipe-



GAIL FINANCES (₹ cr)



IOC owns and operates 140-km long lines include Gujarat State Petronet Dadri-Panipat Natural Gas Pipeline (GSPL), Reliance, and Assam Regional (DPPL). This pipeline, commissioned in Network (ARN).

GAIL's pipeline division is set to expand its foothold in the Northeast through the Jagdishpur-Haldia & Bokaro-Dhamra Natural Gas Pipeline (JHBDPL) project. also known as the 'Pradhan Mantri Urja Ganga' project.

The first phase of the project, covering 753 km from Phulpur to Dobhi, connecting Gorakhpur, Patna and Barauni, has already been commissioned along with the six Geographical Areas (GAs) on this length. The second phase — of 901 km connecting Dobhi to Durgapur and Dhamra to Angul - and the third phase - of over 1,000 km that will run across Bokaro-Angul and Durgapur-Kolkata — Apart from IOC and GAIL, the other are expected to be completed by the end of the year.

Warburg looks to exit JV with **Embassy Group**

RAGHAVENDRA KAMATH Mumbai, 4 March

US-based private equity fund Warburg Pincus is looking to exit Embassy Industrial Parks, its joint venture with Beng-aluru-based Embassy Group, four-and-a-half years after it signed the \$250 million deal to build industrial and warehousing spaces in the country, said sources in

"WEAREJUST The JV had an equity **CONSERVATIVE IN THE** commitment of \$175 million LAND DEALS WE DO, Warburg, while Embassy was to put in \$75 million. "Warburg is not ASTHAT'S WHERE THE MARGIN IS MADE" happy with the speed with which the land acquisition ADITYA VIRWANI, and development happened COO, Embassy

in the JV." said sources. Though sources said Embassy's promoters could buy back Warburg Pincus's stake in the JV, this could not be independently verified. Warburg did not offer any comments. Aditva Virwani, chief operating officer at Embassy, said they were second biggest portfolio in scale and deploying capital had not been an issue. "We are just conservative in land

ongoing projects. He said the deals we do as that's where JV developed 2.7 million sq the margin is made." he said. ft of space and plans to build 7 million sq ft more. The JV Jitu Virwani, chairman of Embassy, could not be conis planning to build 35 miltacted. lion sq ft of industrial and The venture is developing warehousing space by 2024. industrial and warehousing Anshul Singhal, the first CEO

parks in Pune, the Delhi NCR, Sriperumbudur and Hosur in Tamil Nadu, and Hyderabad in a phased manner.

Aditya Virwani, in an interview last October, said been committed by PE firms the JV had invested \$80 mil-

of the JV, last year set up his own venture after quitting Embassy Industrial Parks. Betting on the growing demand from e-commerce, over \$5 billion in funds have and pension funds such as

THE FINE PRINT

Warburg was to put in

The JV was aiming to

\$175 mn, Embassy \$75 mn

build 35 mn sq ft by 2024

The JV was developing

parks in Pune, NCR and

Tamil Nadu

lion since it set up operations CPPIB, Warburg Pincus, and in 2016, and would invest Ivanhoé Cambridge, over the \$250-300 million to complete past five years.

Oyo to cut about 5,000 jobs in broad overhaul

BLOOMBERG Bengaluru/Hong Kong, 4 March

Oyo Hotels plans to cut its global workforce by about 5,000 to 25,000 people, with the deepest reductions in China after business there crum bled in the wake of the coronavirus outbreak. The start-up, one of the largest in SoftBank's portfolio, is reducing staff in China, the US, and its home country as it seeks to boost profitability. Ovo expanded rapidly after its founding in 2013 and reached a valuation of \$10 billion, but investors have soured on money-losing businesses after WeWork's meltdown and SoftBank has pushed portfolio companies to prioritise profitability. "In our previous phase, we added a lot of properties to our platform and built the brand and mindshare," said founder and CEO Ritesh Agarwal in an interview. "Our first focus of 2020 is growth with profitability." Agarwal said the global headcount would fall by about 17 per cent from 30,000 in January. The company is also prioritising improved relations with hotels and stronger corporate governance, he said.



HANDING OUT THE PINK SLIP The company intends to fire about half its 6,000 direct full-time staff in China

at Ovo was announced in January 2020 and the recent developments in China are in line with the same. China is a home market for Oyo, and we will continue working with our thousands of retained OYOpreneurs to deliver against our core mission of

creating quality living experiences for

millions of middle-income people

around the world. During the tough

coronavirus situation, we will con-

tinue to support the benevolent and

resilient Chinese society, in every

possible way. We want to thank our

partners, employees and customers

for standing strong together," said an

line with the global restructuring exer-

cise announced in January 2020, said

sources. Oyo had said it was stream-

lining operations and will focus on its

US and China markets. In China, a big

chunk of the restructuring exercise

has been completed. In the next few

weeks, our restructuring there would

have concluded. Overall, about 30 per

The restructuring in China is in

Oyo spokesperson.

LENGTH (KM)

FY19 Source: GAIL & PPAC

NATURAL GAS PIPELINES

the know. from

6,000

4,000

2.000

0

-O- PAT (RHS) 6,026 8,000

Motilal Oswal Private Equity (MOPE) fund is investing ₹240 crore in a diagnostic services company called Molbio that has developed and commercialised a diagnostic test which can diagnose 22 infectious diseases Of the 43 pipeline diseases, coronavirus **BS REPORTER** is one.

Bivani to be Future Lifestyle's non-executive vice-chairman

Future Lifestyle Fashions on Wednesday said that its board had approved the re-designation of Kishore Biyani, the company's managing director, as non-executive vice chairperson, with effect from March 5. The re-designation is based on the recommendations of the nomination and remuneration committee, the company said. BS REPORTER

The coronavirus is contributing invited back once business recovers, to a dramatic retrenchment in China. a market once deemed crucial to

Oyo's global expansion. The firm intends to fire about half its 6,000 direct full-time staff in the country, people familiar with the matter said, asking not to be identified. Of the remaining 4,000 so-called discretionary workers hired in support areas such as call centers and clients' hotels —a portion will be temporarily laid off but

one of the people said.

The staffing reductions are up sharply from an envisioned reduction of about 5 per cent of Chinese employees prior to the epidemic, which abruptly chilled travel across the world's no. 2 economy. It also follows the dismissal of 12 per cent of its 10,000 staff in its home country of India, people familiar with the matter have said.

"In China, the coronavirus has hit

Of the remaining 4,000 socalled discretionary workers, a portion will be temporarily laid off but invited back once business recovers

• The reductions are up sharply from an envisioned reduction of about 5% of Chinese employees prior to the coronavirus epidemic

us and in specific provinces, we are trving hard to keep hotels open, as many as possible," said Agarwal. "It's a tough time for our hotel partners. Hotel owners in China had protested in front of the company's offices, accusing the startup of violating contractual agreements. The growing turmoil may complicate cent of Oyo's Chinese workforce will SoftBank's efforts to raise a successor be impacted by this restructuring to the Vision Fund, the world's largest pool of start-up investments.

exercise.

"The global restructuring exercise Neha Alawadhi adds

'We will continue to invest in India as long as we see opportunities'

Blackstone's co-founder STEPHEN A SCHWARZMAN was in India recently to promote his first book, What It Takes: Lessons In the Pursuit of Excellence, in which he shares insights on how he helped build the world's largest private equity firm. Schwarzman spoke to Pavan Lall, and fielded questions on concerns about the coronavirus outbreak, the next few quarters for the world economy, and doing business in India. Edited excerpts:

You mention India and great real estate investments in your book. As of now, you've invested around \$16 billion in India. How is that working out?

India has had so much growth for so long, and my objective assessment is that we have remarkable people here and our results in India have been the strongest of any place around the world. The economy has slowed a bit from historic norms and there is less confidence in business establishments, exacerbated by issues surrounding the banking system. But, generally, we see these as things that can be improved and India on a longerterm basis has remarkable assets, namely its people, the education system, the largest population of young people under 35 and is producing seven times as many engineers as the USA, for example.

So it's a precondition for investment expansion for us. I understand that this is a time of inflection and we have enormous flexibility in moving money to India as long as we see interesting opportunities, we will continue to deploy large amounts of money because the long term is very positive.

What's your overall view on coronavirus?

I don't understand how rate cuts can cure one of coronavirus. I think that the markets were off afterwards, indicating that the attempt to stimulate an economy in the context of supply chains that aren't functioning and people who don't want to get on airplanes or are really quasi-panicked ... The US Fed used their power to basically engender



PHOTO: KAMLESH PEDNEKAR

confidence. On the other hand, when you lower interest rates, you make it more difficult for financial institutions and so it was an attempt at providing an underpinning of confidence, which, at least yesterday, didn't work. Markets

were down the same as if it never happened.

Thoughts on the impact of the virus... Ithink there's little doubt that there will $be a significant \, impact \, on \, global \, growth.$ The question is how long it will continue and there doesn't appear to be any shortterm cure. There may be

some existing medicines that have some impact, but almost all experts that we consult sav it would be between a year and a yearand-a-quarter before a vaccine is developed. Assuming that those experts are right, then we have a problem for a limited

period and the only question is how deeply does it affect the global economy? Nobody controls the population's response in each country and so in a way it is difficult to assess how long it will panic and how deep this will drive global growth. If it drives countries into

recession then it's not so easy to get out, so it's really an unknown economically, except there's not much of a positive spin.

What is your take on the rise of populism around the world?

In terms of our business, one thing that is changing is that people in large

companies are being asked to join the political dialog, which wasn't the case and you cannot comment on every issue otherwise you'd become nothing but the bad TV commentator. But it's important that business people take a stand because it reflects the value of the people who work for you and the stand you take so that's a big change. We have to make sure that

everyone in society has the chance to do well. The outcomes of the financial crisis have affected politics in the developed world and there is an enormous move for climate change, gender equality and all kinds of things that warrant more today than 15 years ago.

What's the secret to building a great company?

It's all about culture. It's a great place where everybody is honest and helpful and trust each other. We've all also worked with people who are nasty and those places do not tend to endure so the key is how do you get any organisation feeling small and intimate, where everyone's dreams can be met where you're responsible and people are excited to come to work and feel empowered. In the finance industry I've never seen any bigger egos other than the entertainment business and so everyone thinks they're important. The people who work for us are super smart, everyone is smarter than me-we take 6/10 of a per cent of people who apply to us, so we hire 88 out of 22,000 people. Those who join are really bright. The way to do it is create a whole series of basic principles that have to be taught to everyone in the organisation and create an enduring institution. If I'm not around, the business will go on without pausing for one second.











STEPHEN A

Co-founder.

Blackstone

SCHWARZMAN



COMPANIES 3

Tata's Mundra

plant to stop

power supply

Tata Power's ultra-mega pow-

er plant in Mundra will stop

supplying power to five states

from March 11, said Praveer

Sinha, CEO and managing

director of the firm. "We will

gradually start shutting units

if no resolution is reached

with the states," said Sinha. The extreme step is being

by March 11

SHREYA JAI

New Delhi, 4 March

SBI-led CoC clears sale of RCom, arms



The Jio-Brookfield duo will now have control of over 175,000 towers against the 165,000 towers of the proposed entity

SURAJEET DAS GUPTA & ABHIJIT LELE New Delhi/Mumbai, 4 March

he committee of creditors (CoC), led by State Bank of India, on Wednesday voted unanimously (100 per cent) in favour of selling R-Com and its two subsidiaries, and the panel's resolution involved selling tower assets to Reliance Jio (Jio).

Under law, a resolution requires 66 per cent of the vote. With this move, Jio and Canadian PE fund Brookfield together will become the country's largest tower operator with Jio as its anchor tenant, racing ahead of Bharti Infratel-Indus Towers, an entity whose merger is being considered.

The Jio-Brookfield duo, once the deals gets through, will now have control of over 175,000 towers against the 165,000 towers of the proposed entity. It will also give a big push to Jio in its fibre capacity, which would go up from 450,000 km to 600,000 km after the deal, taking it far ahead of others.

The deal is a steal and less than half of what Brookfield was ready to pay in 2016 as part of an agreement with RCom. At that time the US company had signed a non-binding agreement to buy 51 per cent in the tower business for ₹11,000 crore.

Last year, Mukesh Amba- ers. They pointed out that loans ni's Reliance struck a deal to to Chinese lenders would re- banker which is part of the CoC.

sell its tower business to Brookfield for ₹25,000 crore through an Invit structure, under which it would remain the anchor tenant for 30 years.

duce from ₹12,000 crore to

₹4,000 crore. Taking this into

consideration, they said the

realisation of the lenders would

telecom sector. It is the highest

bidder for Aircel, in which the

lenders have taken a hit of more

than 99 per cent hit. Currently a

substantial portion of the spec-

trum of around 58.75 MHz in

the crucial 800 band is being

used by Reliance Jio as part of a

spectrum-sharing agreement.

However, RCom and Reli-

Analysts said it would make

Banking sources, however,

say that there are some loose

ends up. "The position the

Department of Telecommunic-

ations will take on spectrum

in Navi Mumbai

UVARC is not new in the

be as high as 70 per cent.

According to sources, under the deal, which was cleared on Wednesday, RCom and Reliance Telecom, which houses spectrum, real estate assets, and the data centre and enterprise business, will be sold for ₹14.000 crore to Delhi-based UV Asset Reconstruction Company (UVARC), which was the high-

est bidder. The tower business, which ance Telecom have 188 MHz in various bands such as 900, also include fibre assets, is housed in Reliance Infratel, for 1800, and 2100. This could be which Jio is paying ₹4,700 crore, valuable to telcos looking at which again is the highest bid. more spectrum to power their The bidders have commit-

data revolution. ted that they will pay 30 per cent of the proceeds within 90 days. sense for the asset management The resolution professional is company to get into a compreexpected to file the resolution in hensive deal with Reliance Jio the National Company Law for the spectrum, data centres, Tribunal (NCLT) on Thursday. and even real estate as they According to banking sourneed these assets. UVARC will also have real estate of 132 acres

ces, however, the outstanding dues of the banks stood at ₹41,000 crore and based on the proceeds, the realisation for the

38 lenders would be a minimum of 35 per cent. However, other sources involved in the deal said it included lenders clawing back the priority payments of ₹4,300 crore made to Chinese as well as Indian lead-

Govt detaches GAIL, OIL,

other PSUs from AGR case

Supreme Court order that had led to ₹1.47 trillion remaining dues: Sources

The government has detached gas utility GAIL Asks Airtel, Voda Idea to pay

as adjusted gross revenue (AGR) being sought The government on Wednesday asked Bharti Airtel,

from telecom firms such as Bharti Airtel and Vodafone Idea and other telecom firms to pay re-

Vodafone Idea in past dues, the Lok Sabha was maining AGR dues as per the Supreme Court orde

usage is an issue. Also how UVARC will raise the money to pay and also what kind of deals they have in place for further sale has to be watched," said a

NCLAT asks CCI to probe Flipkart

PRESS TRUST OF INDIA New Delhi, 4 March

The National Company Law Appellate Tribunal (NCLAT) on Wednesday asked fair trade regulator CCI to initiate again the probe against e-commerce major Flipkart for an alleged use of its dominant position.

A three-member Bench of the NCLAT headed by Chairman Justice S J Mukhopadhaya has set aside the earlier order passed by the Competition Commission of India (CCI) in this regard.

Earlier, the CCI had absolved e-commerce major Flipkart of unfair practices using its dominant position. The appellate tribunal has directed the CCI to ask its probe arm Director General (DG) to investigate into the allegations.

We set aside the order passed by CCI...," the bench said adding that the fair trade regulator "is directed to initiate probe against Flipkart".

The NCLAT said that the All India Online Vendors Association (AIOVA) has successfully made its case here. While, Flipkart said it was waiting for the copy of the order passed by the NCLAT.

"We understand that the NCLAT has issued an order in relation to the AIOVA appeal. We are currently awaiting a copy of the order," a Flipkart spokesperson said.

In November 2018, the AIOVA had approached the CCI alleging abuse of market dominance by e-commerce major. The AIOVA had alleged abuse of market dominance against Flipkart India Pvt Ltd, which is into wholesale trading/distribution of books, mobiles, computers and related accessories, and e-commerce mar-



The CCI had earlier absolved e-commerce major Flipkart of unfair practices using its dominant position

ketplace Flipkart Internet Pvt Ltd.

It had alleged that small vendors have become allies of the big vendors and suppliers to leading sellers such as Cloudtail, WS Retail, etc on the Flipkart and Amazon platforms, rather than selling directly to consumers through the online e-commerce marketplace sites.

However, passing an order on November 6, 2018, the CCI had held that the business practices of Flipkart and Amazon are not in violation of competition norms and rejected allegations of abuse of market dominance made by the AIOVA.

The CCI had ruled that looking at the present market construct and structure of online marketplace platforms in India, "it does not appear that any one player in

the market is commanding any dominant

ter, the High Court of Karnataka had stayed the CCI investigation into allegations of anti-competitive behaviour by two e-retailing majors Amazon and Flipkart for a period of eight weeks.

Amazon Seller Services and Flipkart Internet, units of the two e-commerce marketplaces, on January 13 after receiving complaints from trader body Delhi Vyapar Mahasangh.

position at this stage of evolution of market". The AIOVA, as mentioned in the CCI order, is a group of over 2,000 sellers selling on e-commerce marketplaces such as Flipkart, Amazon, Snapdeal etc.

Earlier in February, in a different mat-The CCI had ordered a probe into

Commission to formulate relief for Mundra under the power purchase agreement between Tata Power and the

taken in the wake of buyer states not agreeing to a tariff hike for the power being supplied by the ultra-mega power project (UMPP). Mundra supplies power to Gujarat, Haryana, Rajasthan, Punjab, and Maharashtra. The UMPP based in Gujarat, has been in the midst of regulatory tussles over the escalated cost of imported coal for seven years now. In a judgment in April 2017, the Supreme Court denied any compensation to Tata Power for the increased coal cost. It also directed the Central Electricity Regulatory

power procuring states.

Macrotech may fend off near-term debt problems

RAGHAVENDRA KAMATH Mumbai, 4 March

The proposed bond issue by Macrotech Developers (MDL), earlier known as Lodha Developers, may alleviate its near-term debt problems.

However, significant debt maturities and unfavourable industry conditions will keep its refinancing risk high and liquidity weak, said a report by Moody's Investor's Service.

"The proposed bond transaction is subject to significant execution and market risk, including the fulfillment of a condition precedent. This will create uncertainty around MDL's ability to complete the bond transaction as planned," said Sweta Patodia, a Moody's analyst. To proceed with its proposed bond, Macrotech will first have to raise about \$118 million and deposit the proceeds in an escrow account.

Failure to do so will prevent the company from progressing with the proposed bond and

maturing on March 13. Around \$118 million of that amount relies on proceeds from an inventory financing facility, the transfer of funds

collections from existing sales, it said. The latter, in particular, also remains subject to market conditions. Any delays in receiving such proceeds will prevent the bond transaction from progressing, increasing

MDL does not have alternative financing arrangements in place to repay the maturing bond, said Moody's.

dence, slowing economic growth and tight liquidity have

and interest on its dollar bond

from its Indian operations and

the likelihood of default. "Nevertheless, if Macrotech

is successful in the issuance, near-term liquidity risk will ease, but refinancing risk will remain significant. An additional \$1 billion debt will be maturing by March 2021 amid an overall weak operating environment," added Patodia.

Tepid consumer confi-

informed on Wednesday.

India, explorer Oil India and other PSUs from a

Following the October 24 order of the Supreme Court asking inclusion of non-telecom revenues for calculating statutory dues such as licence fee and spectrum charges of telecom firms, the Department of Telecommunications has sought a cumulative ₹2.7 trillion from GAIL and other non-telecom PSUs. The demand was challenged by state-owned firms. "Supreme Court has detached the public sector undertakings (PSUs) from the AGR judgment dated October 24, 2019, and directed them to seek relief

according to sources. The telecom department wrote to all the telcos asking them to pay balance dues 'without delay' and also submit detailed bifurcation of payments, which are necessary for proper reconciliation of legitimate dues. The government has so far received ₹26,000 crore from AGR payments, including adhoc/ buffer amounts given by telcos to meet any reconciliation differences. PTI

from an appropriate forum," Minister of State for Communications Sanjay Dhotre said in a written reply to a question in the Lok Sabha.

GATI

Price in BSE

Mar 3,'20

January.

67.05

may lead to a default on the existing bonds maturing on March 13. This is because Macrotech does not have alternative financing arrangements to repay the bond.

Even if MDL is able to fulfill the conditions precedent, bond execution remains subject to conditions, said market Moody's. Macrotech needs to repay \$343 million as principal

hurt real estate demand in the Mumbai Metropolitan Region - Macrotech's key operating market. Project launches have consequently continued to exceed sales, leading to inventory build-up and price corrections. These subdued market

conditions will likely continue to constrain Macrotech's earnings over the next 12 months, Moody's said.

Allcargo gets Sebi nod for open offer to buy 26% in Gati

ADITI DIVEKAR Mumbai, 4 March

In the third and final phase to become the controlling stakeholder in express logistics company Gati, Allcargo Logistics on Wednesday said it had received the Securities and Exchange Board of India (Sebi) approval on its open offer to acquire nearly 31.7 million share or 26 per cent stake in Gati at ₹75 per share.

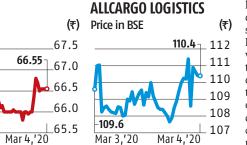
Full acceptance of the open offer will take Allcargo's stake in Gati to 46.83 per cent, marking completion of the acquisition process, which was initiated on December 5, 2019.

Shares of Gati on Wednesday ended at ₹66.55 per share on the BSE. Meanwhile, shares

of Allcargo Logistics ended at ₹110.40 per share, up 1 per cent from previous close on the BSE. The open offer is expected to be launched this month and will close in April 2020, the company said.

Allcargo, the multi-modal logistics firm, has already deposited ₹238 crore, equivalent to 100 per cent of the capital required to fund the open offer, into an escrow account set up according to Sebi norms

for the open offer transaction. Allcargo also completed the first two phases of the deal



comprising preferential share of Gati.

allotment and part purchase of Operating an asset-light and hub and spoke model, Gati curpromoter stake in Gati in rently has presence in 727 dis-As a part of this process, two tricts in India. While Allcargo directors of Allcargo Logistics Logistics is looking to take majority stake in Gati, the latter have been appointed on board

has landed in a legal soup over dispute in ownership of the shares within promoter family. "The acquisition is in line with Allcargo Logistics' longterm strategy to strengthen its domestic business. It will further synergize our efforts to offer end-to-end services to our domestic and international customers. Apart from helping us consolidate our position as the true end-to-end logistics solutions provider, the acquisition will catapult us into the market-leading position in domestic express logistics segment," the release said quoting Shashi Kiran Shetty, chairman,

Allcargo Logistics.

Volkswagen drives in BS-VI compliant Polo, Vento in India

Volkswagen India on Thursday launched BS-VI compliant versions of premium hatchback Polo and midsized sedan Vento, priced between ₹5.82 and ₹13.29 lakh (ex-showroom). It has introduced the models with range of petrol powertrains. The Polo is powered by MPI and TSI petrol engines mated with both manual and automatic transmissions. PTI



4 CORONAVIRUS OUTBREAK

COVID-19 spreading fast in India; 29 infected

VIRUS WILL PULL GLOBAL GROWTH BELOW THE 2.9% SEEN LASTYEAR, SAYS IMF CHIEF

INDIA TO SCREEN ALL **INTERNATIONAL PASSENGERS** FOR VIRUS SYMPTOMS

tested positive on

itive earlier

en quarantined at an

This is in addition to the

Italian tourist who tested

facility in New Delhi

PHARMACIES IN SEVERAL PARTS OF DELHI-NCR RUN OUT OF HAND SANITIZERS, FACE MASKS

MORTALITY RATE IS NOW 3.4%; OLDER PATIENTS FACE THE HIGHEST RISK, SAYS WHO

ITALY CLOSES ALL SCHOOLS. **UNIVERSITIES UNTIL MARCH 15** AS DEATH TOLL JUMPS TO 107

Gold marches towards ₹50,000

Bull cycle for the yellow metal has just started, feel experts

RAJESH BHAYANI

3-

Mumbai, 4 March

sudden reversal in gold price, which went up nearly ₹1,000 on Wednesday, has again given rise to hopes that the yellow metal would soon touch the ₹50,000-mark (per 10 gram)

In Mumbai's physical market on Wednesday, gold prices had risen after the US Federal Reserve announced one of its steepest cuts of 0.5 per cent in interest rate on Tuesday evening to provide stimulus to the economy.

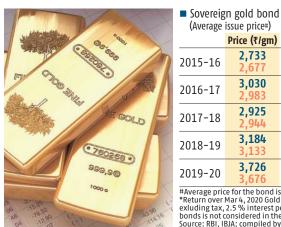
Analysts, who are hoping for another rally, however, say that, "though the journey towards that level may not be easy, the current coronavirus epidemic may actually make that happen". expert who is also the author

Despite some correction in India as well as globally, gold price outlook looks quite bullish now.

Analysts say, technically, gold has set a strong bullish tone. As coronavirus spreads fast, it is keeping gold price elevated. To reach ₹50,000, gold price needs to rise around 16 per cent. In 2020 so far, gold price has

already increased 10 per cent in India. From the year 2019, gold is already up over 30 per cent.

Market experts see a return of 16 per cent or more from the current rate happen, it has to cross the previous



kets," said Nigam Arora, an

of the Arora report. What he

said has started happening.

executive, kuvera.in, said,

"Our analysis of the past sev-

Gaurav Rastogi, chief

eral decades of gold price movement

15.5 3,726 2019-20 17.1 #Average price for the bond issuance for the financial year *Return over Mar 4, 2020 Gold (999) of ₹4303.30 per gm exluding tax, 2.5% interest per annum payable on gold bonds is not considered in the table Source: RBI, IBJA; compiled by *BS* Research Bureau

Price (₹/gm)

2,733

3,030

2,925

3,184

in 11 years. Gold has been in another consolidation phase since November 2011 till May 2019. It has since broken

> out to ₹4,200 per gram. This means that, if in the last bull run, price rises 6.5 times, another 20 per cent rise is very much possible. Even \$4,200 per ounce for international gold during this bull cycle, as projected by Chris Wood of Jefferies, also can't be ruled out. However, the initial phase of the gold bull run will certainly not be smooth and volatility will be there. Arora

Physical gold

% Return*

57.4

60.8

42.0

44.2

47.1

46.2

35.2

37.3

(FY average price)

has shown that the market cycle for said, "If stock markets decline at a fast pace, investors sell whatever they can. including gold, to meet margin calls and other compliance rules." Such selling and profit booking was seen last Friday and may be seen again. If gold rises, will ₹2,600, an almost 6.5 times increase strength of silver in comparison to gold

as a precious metal. The ratio presently is 94-95. Historical data shows that this is not a sustainable level and ratio will correct from here. This means silver should outperform gold. But over 50 per cent silver is used in industry, which is passing through a bad phase. If that part improves, silver can outperform gold.

But Arora said that it may take time. He added, "Under the foregoing scenario, silver may not do as well due to its industrial use. However, silver is susceptible to a short squeeze which can cause a major rise quickly.'

As of now, gold bonds have proved the best among all forms of investments of the yellow metal. Sovereign gold bond (SGB), first launched in November 2015, has outperformed gold in terms of returns if interest paid on that at 2.5 per cent is considered.

Return in the yellow metal price for physical gold was 38 per cent for investment made in FY19 and 62 per cent in FY16. But considering 2.5 per cent per annum on SGB, annual returns is much higher. For issues in FY16, returns is almost 69 per cent.

Rastogi said his firm recommende investors to have 10-20 per cent investment in gold, preferably sovereign gold bonds, subject to their goals and age as well as income profile. He said: "We like gold allocation in a portfolio for two primary reasons. It is a positive vielding asset which acts as a hedge against rupee depreciation. Moreover, in times of crisis, it has a negative correlation with equity markets. It acts as a portfolio hedge when it is most needed. Thus, we recommend 10-20 per cent allocation in gold."

29 CONFIRMED CASES IN INDIA; **17 INDIANS LIVING ABROAD INFECTED**

\$12-billion aid package unveiled by World Bank

Ready for meaningful

The government is working intensively to

ensure meaningful intervention, if needed,

crisis in the country, Finance Minister Nirmala

Sitharaman said as the number of cases shot

positive Wednesday morning. Three schools

in the national capital and adjoining areas

coronavirus, while two schools advanced

spring break.

announced holidays for students and staff as

a precautionary measure to prevent spread of

to deal with the impact of the coronavirus

up to 29, with 15 Italian nationals testing

intervention, says FM 📠



Hong Kong residents arrive at Chun Yeung Estate quarantine facility at Fo Tan from Wuhan PHOTO RELITERS

94,000 80% cases wordwide; drop in car toll rises to 3,220 sales in China Hong Kong, Bank of US lawmakers agree to

* (16 Italian tourists

ater Agra in UP Ind the driver who

* (They have recovered)

ho travelled to

Rajasthan and

companied

PTI

\$7.8 billion emergency virus spending bill Los Angeles declares emergency, 129 confirmed & presumed cases in US Amazon confirms first case among US staff

Tokyo Olympics Google cancels its biggest annual event; Xiaomi, Realme, Infinix

could be postponed, says Japan minister Iraq confirms first coronavirus death

Saudi Arabia suspends Umrah pilgrimage

Canada follow Fed cut;

South Korea seeks

\$9.8 bn extra budget

Irdai: Design products for virus

cancel launch events

SUBRATA PANDA Mumbai, 4 March

Future Generali India Insurance, said: "Any person who is hospitalised as a result of coronavirus tment wi

Virus has two types, one is more aggressive: Scientists

REUTERS

Scientists in China studying the outbreak of disease caused by the new coronavirus say they have found that two main strains of the virus are circulating in humans and causing infections.

The researchers, from Peking University's School of Life Sciences and the Institut Pasteur of Shanghai under the Chinese Academy of Sciences, cautioned that their study looked only at a limited range of data, and said follow-up studies of larger data sets were needed to better understand the virus's evolution. The preliminary study found that a more aggressive strain of the new coronavirus associated with the outbreak in Wuhan accounted for about 70 per cent of analysed cases, while 30 per cent were linked to a less aggressive type. The prevalence of the more aggressive virus type decreased after early January 2020, they said. "These findings strongly support an urgent need for further immediate, comprehensive studies that combine genomic data, epidemiological data, and chart records of the clinical symptoms of patients with coronavirus disease 2019 (COVID-19)," they wrote in a study published on Tuesday in the National Science Review, the journal of the Chinese Academy of Sciences. directly Experts not involved in the study said its findings were interesting, but cautioned against drawing firm conclusions from it.



Online travel firms offer full refund Online travel companies have

Railways rings alarm bells over COVID-19 The Indian Railways on

Wednesday issued d

Airlines seek relief package from govt

ARINDAM MAJUMDER & ANEESH PHADNIS New Delhi, 4 March

coronavirus (COVID-19) out-

break. Indian airline firms have

sought a relief package from

the government, asking that it

include a waiver of landing and

parking charges and payment

period concession of the stand-

ing rule of slot allocation, which

mandates that firms must oper-

Airlines sought a limited

to oil marketing companies.

Indian airlines. But with global spread of coronavirus, airlines are being forced to rejig their network, cut flights and delay With travel dwindling after the

new launches Adding to the worry is a reduction in inbound tourists with multiple countries issuing advisories to their citizens after the communal riots in New Delhi last month.

IndiGo, SpiceJet and Air India Express are all planning to cut flights to Saudi Arabia as West Asia has been impacted by the outbreak.

ket for Indians in West Asia

after the United Arab Emirates,

and around 5.9 million passen-

gers flew between the nations

Vistara has already can-

The Indian aviation indus-

"This is negative for the

Following Saudi Arabia's ate at least 80 per cent of their allocated slots. If they fail, airban on religious tours, IndiGo lines lose their right to that slot and SpiceJet executives said they were looking at places Sources aware of the devel- where the capacity could be diverted. Saudi Arabia is the second largest air travel mar-

in 2019.

Shanghai, 4 March

the yellow metal is 8-10 years.3 He also gave details of the last three decades movement. Gold was in a consolidation phase from July 1993 to June 2001. Then, it rallied from June 2001 to November 2011 and the price in a year's time. However, for that to per gram of gold went from ₹400 to silver follow? Gold-to-silver ratio reflects

all-time high of \$1,900 seen in 2011. "Gold has a fair probability to reach

\$1,900 by the year-end if coronavirus worsens, the central banks act aggressively and there is a slow decline in stock mar-



guidelines to health insurers on how to handle coronavirus claims, and asked firms to design products covering the cost of treatment.

"In order to provide need-based health insurance coverage, insurers are introducing products for various specific diseases including vec-

tor-borne diseases. For the purpose of meeting health insurance requirements of various sections, insurers are advised to design products covering the costs of treatment for coronavirus," said the Insurance Regulatory and Development Authority of India (Irdai).

The regulator has also made it

clear that in existing products where the cost of do not cover outpatient treatment. However, if sure that cases related to coronavirus are dealt with expeditiously.

Moreover, the costs of admissible medical expenses during the course of treatment, including during the quarantine period, shall be settled in accordance to the applicable terms and conditions of policy contract and the extant regulatory framework

Shreeraj Deshpande, chief operating officer, goes up to ₹2 lakh.

The insurance regulator on Wednesday issued er illness. The subsequent claims will be processed as per regular norms, provided the individual has been hospitalised for 24 hours. The government has issued advisories on coronavirus infection and the insurance companies will be guided by that."

Claims should be thoroughly reviewed by the

insurers' claims review committee before repudiating any, the regulator pointed out.

Subramanyam Brahmajosyula, head - underwriting and reinsurance, SBI General Insurance, said, "Claims due to coronavirus are payable provided the concerned person is hospitalised for at least 24 hours. Most of the health insurance policies in India

hospitalisation is covered, insurers have to make coronavirus is declared as a pandemic by the WHO or the Indian government, then claims might not be payable as such claims are excluded under many health insurance policies."

Digit Insurance has already come up with a product which will insure a person against the virus, with a maximum coverage of \gtrless lakh. However, one can choose from multiple sum insured options starting from ₹25,000, which

started to fee th pinch of the coronavirus outbreak. "There has been a slowdown in outbound travel bookings since the break of coronavirus. Travellers are being cautious in making their (outbound) travel plans," said a spokesperson at MakeMyTrip. "We do expect a potential impact on the overall business if the outbreak spreads westwards... Over the past two weeks, we have noticed a spike in cancellations as the outbreak spreads to new NEHA ALAWADHI markets."

the zones to take precautionary measures to deal with COVID-19. The steps that zones should take include showcasing awareness materials prominently in local language, isolation of patients with fever, separate wards and medical staff, and also creation of isolation wards in railway hospitals. It also directed the officials to inform the principal chief medical directors if a suspected case is identified in hospitals.

Europe is 'panicking' over India's pharma export curbs: Industry body

India's top pharmaceuticals export group said the curbs on some drug exports amid the coronavirus outbreak has caused panic in Europe, and will severely impact businesses

in the sector. Dinesh Dua, chairman of Pharmaceuticals **Export Promotion Council of**

BS REPORTER

India , told Reuters: "I am getting a huge number of calls from Europe because it is very sizeably dependent on Indian formulations and we control almost 26 per cent of the European formulations in the generic space. So they are

REUTERS panicking."

ment said that chief executive officers of Indian airlines met Aviation Secretary Pradeep Singh Kharola on Tuesday and said the relief package was important to sustain the health of the industry.

the next season.

"The meeting was a part of the government's stock-taking celled 20 flights between Delhi measure of the impact of and Bangkok and eight between Delhi and Singapore COVID-19 on various sectors. in March. It will also cancel 26 The secretary of civil aviation had called the CEOs regarding flights between Mumbai and Singapore. that and sought to know what could be done to reduce impact try could see an impact of 19.5on airlines as we are the first to get hit in times like this." said a 23.8 per cent on international person who attended the meetpassenger traffic growth, said Kinjal Shah, vice-president at

ing. The delegation was led by SpiceJet promoter Ajay Singh. GoAir CEO Vinay Dube and Vistara CEO Leslie Thng also attended the meeting. Kharola on Wednesday

briefed the Prime Minister's Office about his interaction with the CEOs

Low fuel price was sup-

Indian aviation industry, which is already reeling under significant passenger traffic slowdown, with international traffic growth for the first nine

rating agency ICRA.

months of fiscal 2020 having witnessed a decline of 8.4 per

posed to bring back cheer for cent," Shah added.

10-yr bond yields at 39-month low as markets brace for RBI action

ANUP ROY

Mumbai, 4 March

India's 10-year bond yield fell 12 basis points (bps) on domestic rate cut hopes as global central banks lowered their key rates to stave off an economic slowdown caused by the coronavirus outbreak

Reserve Bank of India (RBI) Governor Shaktikanta Das told Bloomberg in an interview on Tuesday that the central bank was ready to do whatever was needed to address a slowdown.

"We're ready for a response should the situation warrant," Das said in the interview. "And going forward, in the near future. I do expect some discussion through video conference or telephone conference among the central banks of the large economies, including India.

In the case of India, options include a rate cut and supporting the market through liquidity measures, the gover-



Taking cues from the equity indices, the rupee also recovered from its intraday low of 73.64 a dollar to close at 73.23 a dollar.

The RBI largely stayed away from the market, while the arbitrage opportunity between offshore and onshore markets in rupee shrank. The US Federal Reserve reduced its policy rate by 50 bps, pulling down the 10-year US treasury note to below 1 per cent for the first time ever.

Following the US rate cut, Australia and Malaysia also reduced their policy rates. South Korea unveiled a \$9.8-billion stimulus package to fight coronavirus-led slowdown. Hong Kong and Singapore have already resorted to helicopter drops of money to customers to stimulate demand.

The market is now convinced that



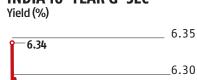
there will be a rate cut, possibly before the next monetary policy committee (MPC) meet scheduled in early April. The MPC can meet out of turn if required and resolve to cut rates.

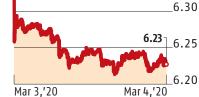
"It now is a matter of when, rather than if, a rate cut would happen," said Ashok Gautam, executive director and head of treasury at IDBI Bank. "The RBI in the past has taken unconventional measures to ensure adequate liquidity

and credit flows, and those have started showing desired effect," Gautam said.

According to Rahul Bajoria, chief India economist at Barclays, those measures are certainly having a material effect on easing financial conditions, "though their end impact on overall credit availability is still unknown".

As sovereign bond yields drop, companies are seeing lower borrowing costs amid falling global yields, Bajoria wrote





in his report.

On an immediate basis, the RBI can continue with its long-term repo operations (LTRO) beyond the ₹1 trillion it had planned. The central bank is left with only ₹25,000 crore of LTRO operations. "Hopefully, there could be further tranches," Gautam said.

Among other measures, there could be more relief on cash reserve ratio and risk weight adjustments on loans, according to Soumyajit Niyogi, associate director at India Ratings and Research. However, it is unlikely that the RBI

would want to rush into a decisive action. "Advanced economies and their financial system have now been sea soned with the extremely low and volatile interest rate regime. In the case of India, it is not the case, moreover average inflation is higher than the target, and that has become more unpredictable with the black swan event." said Niyogi. "For India, the risk of stability in the financial system is paramount amid rising scope of capital flight and subsequent impact on the currency. Additionally India's leverage consumption and interest rate elasticity of demand is quite low.'

Therefore, the reaction from the RBI is expected to be in a staggered manner while ensuring adequate buffer in the financial system by putting more shock absorbers, and a token cut for signaling effect, according to Niyogi.



Mar 3,'20

INDIA 10-YEAR G-SEC



Moody's cuts BoB's baseline credit assessment ABHIJIT LELE Mumbai, 4 March

Global rating agency Moody's on Wednesday downgraded Bank of Baroda's (BoB's) baseline Credit Assessment (BCA) from "ba2" to "ba3" on weakening asset quality and further risks from deteriorating operating environment in India.

Further deterioration in asset quality poses risks to BoB's profitability and capital. It affirmed BoB's domestic and foreign bank long-term and short term deposit ratings of "Baa3", stable/P-3. It also affirmed Bank of Baroda (London)'s foreign currency senior unsecured rating of "Baa3", stable. Two public sector banks (PSBs) - Dena Bank and Vijaya Bank merged with BoB in April 2019. Funding and liquidity remain key credit strengths of the PSB. Like other PSBs. BoB's funding franchise benefits from government ownership, Moody's said.

The Government of India ("Baa2 negative") owned 71.6 per cent of the bank as of December 31, 2019, and plays a key role in its management. The Centre has made significant capital infusions into all PSBs, over the last few years.

HDFC cuts lending rate by 5 bps

HDFC cut its lending rate by 5 basis points (bps) for salaried people with effect from March 9. The new rate would now be 8.05 per cent for salaried class borrowers with loans up to ₹30 lakh. While loans above ₹30 lakh till ₹75 lakh have been priced at 8.30 per cent, loans above ₹75 lakh have been priced at 8.40 per cent. For women borrowers in each category, the effective loan rate would be 5 bps lower. **BS REPORTER**

QS WORLD UNIVERSITY RANKINGS BY SUBJECT 2020 26 Indian universities in world's top 100 list

VINAY UMARJI Ahmedabad, 4 March

ndian higher education institutes improved their performance at the global stage, with more institutes getting ranked in the list of top-100 programmes, according to the latest edition of the QS World University Rankings by Subject 2020.

Ás against 21 institutions in 2019, 26 Indian departments have been ranked among the top 100 for their subject. Moreover, QS has also seen an increase in the number of Indian programmes getting ranked among the global top 50. Jointly at 41, (*pictured*) Indian Institute

of Technology (IIT) Bombay's mineral and mining engineering and the University of Delhi's development studies are the highest-ranked programmes of the country. IIT-Kharagpur (46) for mineral and mining engineering, IIT-Delhi (49) for electrical and electronic engineering, and IIT-Bombay (50) for chemical engineering also

featured among the top 50. Moreover, with nine of its programmes getting ranked in the upper echelon, IIT-Bombay emerged with more top-100 ranks than any other Indian university, followed by IIT-Delhi with five programmes. On the other hand, IIT-Kharagpur, IIT-Madras, and Indian Institute of Science (IISc)

Bangalore earned ranks in the top 100 for



three programmes each. In the business and management stud-

ies subject category, both Indian Institute of Management (IIM) Ahmedabad and IIM-Bangalore were ranked among the top 100. According to QS, the rank-

ings indicate India's strength **IIT-Bombay's** mineral & mining in the natural sciences, life sciences, and in engineering disengineering and ciplines. **Delhi University's** Development The subject tables featuring the highest levels of Indian Studies are the representation include chem- top-ranked istry with 20 Indian universiprogrammes

from India

ties, along with computer science and information systems with 20 Indian institutions.

Other top subjects included physics and astronomy with 18 Indian institutes, biological sciences with 16, electrical engineering with 15, chemical engineering with ber one positions and the University of 14 and mechanical engineering with 14

Indian institutes. Moreover, there has been consistent Indian representation across academic disciplines, with 32 of the 48 tables featuring at least one Indian programme.

Overall, among 235 Indian programmes included in the ranking, 53 improved their position while only 29 moved down. Compiled by global higher education analysts QS Quacquarelli Symonds, the rankings provide authoritative comparative analysis on the performance of 13,138 individual university programmes, taken by

students at 1,368 universities in 83 locations across the world, across 48 academic disciplines and five broad faculty areas. QS uses four key metrics to compile the rankings, including academic reputation, employer reputation, citations per paper and the h-index which measures how productive an institution's research faculty are. However, the precise weighting of each metric varies by subject to reflect differing publication cultures across disciplines.

Globally, Massachusetts Institute of Technology emerged as the world's best-performing institution, achieving 12 number one positions, fol-

lowed by Harvard University with 11 num-Oxford with eight top-ranked subjects.

ECONOMY & PUBLIC AFFAIRS 5

J&K administration lifts ban on social media

Jammu and Kashmir administration on on January 25 and subsequently extended from Wednesday allowed access to all websites on 2G mobile data services and fixed-line internet in the Union Territory till March 17.

Earlier, only access to white-listed sites was

Removing a ban on social media platforms, the allowed, as the service was restored for a week time to time, after being snapped on August 5 last year when the Centre abrogated the special status to the erstwhile state and bifurcated it into two Union Territories.

Services PMI at 7-yr high

Exports zoom but job growth at 3-month low

SUBHAYAN CHAKRABORTY New Delhi, 4 March

he services sector continued to ring in the good times in February as an uptick in exports and rising new orders resulted in growth touching a seven-year high, similar to the previous month, according to a monthly survey released on Wednesday.

The widely tracked Nikkei India Services Purchasing Managers Index (PMI) stood at 57.5 in February, up from 55.5 in January. In PMI parlance, the 50-mark threshold separates expansion from contraction.

But despite growth in every indicator, the sector saw the number of jobs created fall to a three-month low.

Services growth has contindecline, after rising for 11 months on the trot. A number ued to strengthen since November when it came out of of panelists had mentioned a two-month spell of contracweaker demand from China, tion. This has been in line with Europe, and the US. manufacturing activity, which mirrored a steep upward move of the growth curve in January when the PMI reached 55.3, the

highest in nearly eight years. February's growth in services has been largely because of new international business

PMI MANUFACTURING PMI SERVICES _60 _60 - 50.7 -51.0 **?_**55 55 _50 _50

__40 Feb '20 Apr '13 Feb '20 Apr '13 Note : A figure above 50 means expansion while below that means contraction Source : IHS Markit

_45

that streamed in, allowing domestic demand after a long firms to recuperate from the period of economic decline high volatility in 2019, industry over 2018. As a result, sales insiders said. Exports have expanded for the fifth conseccontinued to grow for most of utive month in February.

2019 despite headwinds. But Surveyed firms pointed out in January, it had suffered a supportive economic conditions and accommodative public policies. Growth in consumer services growth was the most marked, after transport and storage firms had seen the biggest boost in the previous months.

In February, new work intakes also expanded at the Despite experiencing another increase in outstandsecond-fastest rate in seven ing work halfway through the years. Policymakers would be happy to note that most new final quarter of fiscal year 2019-20 (FY20), service providers work orders came from the domestic market, thereby hinting at resurgence in February. Some companies

reportedly left workforce numbers unchanged amid sufficient staff to cope with current However. requirements. employment figures still rose in four out of the five tracked sub-sectors, the sole exception being finance & insurance.

"Positive gains in new work across the manufacturing and service sectors suggest that private sector output will likely increase markedly again in March, boding well for final quarter GDP following expectations of a flat growth rate in Q3FY20." said Pollyanna De Lima, principal economist at IHS Markit and author of the report.

45

40

54.5

Firms, however, managed to expand their profits significantly since high growth in new business didn't lead to equally high input inflation. Average input costs rose at a softer pace, down from February's sevenyear high rate. Survey respondents mostly attributed higher cost burdens to higher food, labour, material and oil costs.

But, average prices charged for services increased less dramatically. Charge inflation was weaker than in January, with only 6 per cent of firms raising their fee, the survey said.

Overall, February saw the current run of inflation to 38 months. This meant that the gap between rates of input cost restricted hiring activity in and output charge inflation still hasn't closed.

Cabinet nod for foreign listing of firms, decriminalising offences

EASING COMPLIANCE

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In ease of doing biz push, 72 changes to companies law okayed

RUCHIKA CHITRAVANSHI New Delhi, 4 March

The Union Cabinet on Wednesday approved 72 changes to the Companies Act 2013, with a thrust on decriminalising compoundable offences and allowing direct foreign listing for domestic companies to boost "Brand India".

The nod for the Companies amendment Bill, likely to be tabled in the ongoing Parliament session, has been given to ease compliance burden related to corporate social responsibility (CSR) by exempting companies with obligation to spend ₹50 lakh or less. Such companies will not be required to have a CSR committee.

Also, if a company spends more than the required 2 per cent of its average profit in any given year, it can carry forward the excess amount to the subsequent financial years.

"We want to bring ease of doing business for stakeholders. Our priority is to decriminalise by removing sections that result in criminality when it is not intended," Nirmala Sitharaman, finance and corporate affairs minister, told reporters.

A new section, 129A, is proposed to

NRIs allowed to own 100% in Air India

ARINDAM MAJUMDER New Delhi, 4 March

In order to shore up interest in the privatisation of stateowned Air India, non-resident Indians (NRIs) who are citizens of India, have been allowed to own 100 per cent stake in the airline. The small tweak has now brought foreign investment rules in Air India on a par with other pri-

vate carriers. This has been termed a landmark decision by Union

minister Prakash Javadekar. He said the move will increase the opportunity for gaining investment for the airline. Services.

"NRIs, who are Indian nationals, will get permission to invest in Air India. This will pave the way for fresh invest-

framework be added for prescribed classes of unlisted companies, which will file results on a periodic basis in addition to annual filing, to make "the periodic

economic data more scientific". The government plans to re-categorise 23 of the 66 compoundable offences, which will be dealt with by an in-house adjudicating framework. For 11 offences, the Bill proposes to limit the penalty and remove the imprisonment clause. The quantum of penalty will also be reduced for six defaults

that had already been decriminalised. With respect to allowing domestic firms to list on foreign exchanges, Corporate Affairs Secretary Injeti Srinivas said the enabling provision would be introduced in the Act and a detailed framework of rules would be

brought in the next few months. Currently, Indian companies only have the option of American Depository Receipt (ADR) or Global Depository Receipt (GDR) route to tap foreign investors.

A press statement said the move would increase the attractiveness of the technology sector, provide an alternative source of capital, and broaden the investor base.

The Bill extends exemptions from filing certain resolutions to a particular class of non-banking financial companies and housing finance companies to reduce compliance burden for routine lending activities.

It also proposes to allow payment of adequate remuneration to non-executive directors in the case of inadequate profits, by aligning it with the provisions for remuneration for executive directors.

The government will also exclude certain class of companies from the definition of "listed company" mainly for listing of debt securities in consultation with Sebi, to reduce their compliance burden.

ments. Passengers will contin- Ownership and Effective scheduled domestic carriers,

ue to get better services and it norms. NRI investments will also improve the business would be treated as domestic investments. Under the sub-



cent investment (by NRIs) in

the carrier would also not be in

violation of the Substantial

well as 50 per cent stake in Air tially owned by that country's India SATS Airport Services. government or its nationals. SATS is a joint venture Currently, NRIs can acquire between Air India and only 49 per cent in Air India. Singapore Airport Terminal Foreign direct investment (FDI) in the airline is also 49 However, allowing 100 per per cent through the govern-

ment's approval route. According to existing norms, 100 per cent FDI is permitted in

In the case of scheduled air lines, 49 per cent FDI is permitted through the automatic approval route and any such investment beyond that requires the government's nod. As part of its attempts to sell the carrier, the govern-

subject to certain conditions.

ment has changed multiple conditions in the order to sweeten the offer. These include selling 100 per cent stake against 76 per cent previously.

The others include reduction in debt — the successful bidder will have to take over debt worth only ₹23,286.5 crore. The liabilities would be decided depending on current assets at the time of closing the transaction.

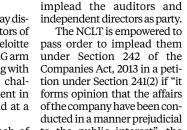
I-T officials up in arms over **CBDT diktat**

Tax officials have threatened to go for a series of protests against the Central Board of Direct Taxes' (CBDT's) demand of bringing 100 per cent disputed cases under the Vivad se Vishwas scheme, and linking the officials' performance with the success of the scheme. It comes after the tax body put out a directive asking officials to bring all the disputed cases under the scheme, failing which they would be assessed adversely and their future posting made accordingly. BS REPORTER FRAUD AT IL&FS GROUP FIRM NCLAT junks pleas of Deloitte, BSR

PRESS TRUST OF INDIA New Delhi, 4 March

The NCLAT on Wednesday dismissed the pleas of auditors of debt-ridden IL&FS - Deloitte Haskins & Sells and KPMG arm BSR & Associates — along with independent directors challenging their impleadment in the case of alleged fraud at a group firm IFIN.

A two-member Bench of the NCLAT upheld the directions of the Mumbai Bench of the National Company Law



to the public interest", the appellate tribunal further said. "Once such opinion is formed by the Tribunal, it may Tribunal (NCLT), saying it can pass any order as it deem fit and

not be termed as "illegal". The proper, "said the National NCLT had directed them to Company Law Appellate Tribunal (NCLAT) bench headed by Chairperson Justice S J Mukhopadhaya. The case relates to IFIN, a subsidiary of IL&FS.

Rejecting the contention of the auditors and others that they cannot be treated as part of the management, which is responsible for managing the affairs of the company and therefore should not be charged as per the said section, the NCLAT said that rules of natural justice are to be followed.

environment," said Javadekar. In January, the government had invited expressions of interest (EoIs)

Floor price ain't good maths

It's avoided by regulators in developed countries as it is considered anti-competitive and anti-consumer



NIVEDITA MOOKERJI

obody quite knows why Vodafone group chief executive Nick Read wants to Shankar Prasad later this week. Read earlier the chief financial officer at the has calculated its business viability UK-headquartered telco — is a numbers

expected to be about the maths of doing business in India. It could also be about to the request for a tariff floor. the maths of leaving India.

operation in India, has already made multiple representations to the government with a wish list so that its business can be sustainable. Besides asking for a moratorium and long-term staggered payment of dues linked to adjusted gross revenue (AGR), the financially-stressed company wants the minimum tariff for mobile data to be fixed at ₹35 per GB, almost eight times of the going rate now, and voice calls at 6 paise per minute from April 1. It's possible that Read may pursue meet Telecom Minister Ravi the point about setting a floor price in his meeting with Prasad as Vodafone based on that premise. But, however finance and hence his meeting with the multinational like Vodafone for the too, the regulator must not upset the

minister at this critical juncture is sake of international business confidence, the government should say no

The ball is in fact in the court of the Vodafone Idea, the joint venture Telecom Regulatory Authority of India (Trai) to take a call on tariff, which currently is under forbearance, letting the market to decide prices. Trai chairman R S Sharma, who has six months to go before his term expires, had a thing or two to say recently about fixing tariffs after Vodafone as well as the Cellular Operators' Association of India (which has Bharti Airtel and Reliance Jio as members apart from Voda Idea) made a pitch for a floor price. Trai, which had in December floated a consultation paper on the subject, would not expedite the process for any reason whatsoever, Sharma has indicated. He also said that telecom operators can themselves fix a floor price if they feel an urgent need man with a degree in accounting and tempting it may be for India to retain a for it. That makes sense. Going forward

industry dynamics by fixing a mini- new. Trai has had it in 2012 and 2017. In mum tariff either for calls or data, even if that means helping the disruptor — Reliance Jio — and turning down Vodafone's as well as Airtel's distress call. Here's why.

Incumbent telcos (Airtel, Voda Idea) want to contain Jio's continuous deep discounting through a floor price for the industry, so that they're able to raise tariffs without the fear of losing customers to competition. However, that may only offer a short-term gain to the debt-laden industry, while taking the spirit of 'fair competition' away from the telecom sector. True, the competition has not been fair along the way and the regulator hasn't helped much to get the equilibrium back. But setting a floor price is not the sign of a promising economy and we should not fall for it. After all, tariff forbearance, in place for 16 years, has mostly served us well despite Indian telecom rates being among the lowest.

Currently, except for the ceiling tariffs for national roaming, fixed rural telephony, international private-leased circuits, domestic-leased circuits and mobile number portability charges, all other telecommunication services are under forbearance.

Consultation on fixing tariffs is not ister's office.

38.7

18.8

2016-17

16,774

33.6

17.5

2017-18

Claims Reported 🔳 Claims Approved 📃 Claims Paid

2017-18

2012, after the consultation process, Trai concluded that the policy of forbearance should continue as it was based on economic rationale appropriate for the prevailing situation. Also, it was in sync with international best practices. The policy was reviewed in 2017 following demands of floor price to prevent predatory pricing and again a majority of the operators agreed it was a complex exercise.

Among the countries to have intro-

(in million hectares)

25.3

2018-19

2018-19

(in ₹ cr)

30.1



Changes to the crop insurance scheme may raise issues of sustainability – unless states agree to share a larger financial burden

SANJEEB MUKHERJEE

since the National ver Democratic Alliance government launched the much-discussed Pradhan Mantri Fasal Bima Yojana (PMFBY) in kharif 2016, it has seen numerous twists and turns to make itself friendlier to the farmer.

Last week, the Union Cabinet embarked on another such exercise by announcing a host of changes in PMFBY. There are two principal changes. The first is the decision to make the scheme voluntary for non-loanee farmers. Second, it imposes a limit on the premium subsidy to 30 per cent for unirrigated areas and crops and 25 per cent for irrigated areas and crops.

These two decisions together could have a big impact on the scheme needs to be and

closely monitored in the coming seasons Making PMFBY volun-

tary for non-loanee farmers (it is already voluntary for farmers) will, loanee according to experts from leading insurance companies, lead to a drop in the number of farmers opting for the scheme since only those who perceive their risk as significantly high

will enroll for the scheme. In the short term, this opt-out provision could lead to drop in the area covered under the scheme. Reports said in the short term, top government officials area covered under PMFBY. The gross since its incention in 2016

2016 and 2018, the total number of farmers enrolled for the scheme has fallen by almost 14 per cent from a high of 40.4 million to 34.80 million.

Officials say this fall in enrolment is largely due to the multitude of loan waivers announced by various state governments and mandatory Aadhaar-linkage weening away duplicate claimants.

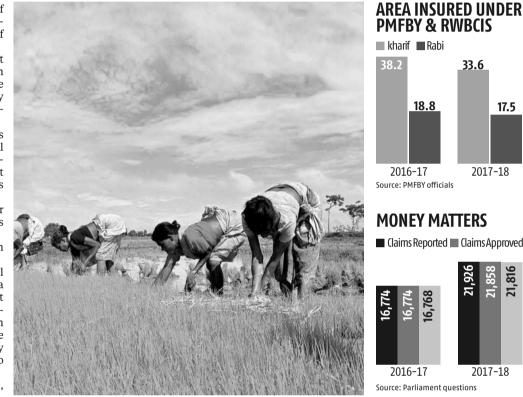
As a consequence of fewer farmers enrolling for the scheme, the actuarial premium under PMFBY in the rabi season has steadily climbed to 12 per cent and 14 per cent for kharif season crops in the last few years.

Now, if even fewer farmers opt for the scheme, the actuarial premium is bound to go further up.

It is here that the Centre's limit on the subsidy will play a decisive role.

Under it, if the actuarial premium of any crop or area is more than 30 per cent under unirrigated conditions and 25 per cent in irrigated conditions, the Centre's share of subsidy burden will be limited to that extent.

and the remaining 38 per cent subsidy is shared equally between Centre and states in a 50:50 ratio. From the coming kharif season (2020), however, the are seeing a 10-20 per cent drop in the farmer's share in the actuarial premium will remain at 2 per cent, but the Centre cropped area under PMFBY has on its part will bear the subsidy only up increased from 22 per cent to 30 per cent to 30 per cent, which means 14 per cent in the 50.50 ratio. The balance which Now, if any state does not want to



share this additional burden, farmers for agriculture, horticulture and annual amount of compensation under the curthere might remain outside the ambit of a credible insurance product and rely on the usual crop damage compensation under State Disaster Relief Fund (SDRF) in event of crop loss. This could cause serious damage to the scheme's health.

As former agriculture secretary, Shiraz Hussain recently noted in a piece published in The Wire, the compensation under SDRF in the event of a cron This apart, the total number of in this case comes to 24 per cent, will loss is far less than the scale of finance for irrigated cotton and ₹42,000 per hecfarmers enrolled under the scheme have to borne by the state if it wants to which is basis for claim settlement under PMFBY.

plantation crops, compensation to small and marginal farmers is ₹6.800 per hectare (of sown area) in non-irrigated areas and ₹13,500 per hectare in

In the case of farmers owning more

Now that the issue is hot once again, the stakeholders should go back to the basics. First, it's a complicated process as the Trai's latest consultation paper points out. Second, it's usually avoided by regulators in developed countries as it is considered anti-competitive and anti-consumer. Third, it can delay the adoption of new technologies. Finally, it not only makes the telecom services more expensive, but it can have a cascading effect on the other sectors of the economy.

duced floor price at some point or the other are Turkey, Zimbabwe, Nigeria, Bangladesh and Sri Lanka. It will be poor maths for India to follow these countries on tariff floor, even if Read is able to argue his case well in the minPay if you overstay Opposition parties are planning to flag how the changes in visa rules are harming India's diplomatic ties with its friendly neighbours, particularly

CHINESE WHISPERS

Bangladesh. More than a year ago, India introduced a visa regime that imposes higher penalty on members of the majority communities of Bangladesh, Pakistan and Afghanistan, that is the Muslims, if they overstay in India. Sources said Bangladesh was upset over the way their cricketers Liton Das and Saif Hassan were treated when they overstayed in India after the "pink ball" test between the two countries in November 2019. The Foreigner Regional Registration Office rules prescribe the "penalty for overstay" for "minority communities from Pakistan, Bangladesh and Afghanistan" is ₹500 for more than two years, ₹200 for 91 days to two years and ₹100 for up to 90 days. If the person who overstayed does not belong to minority communities, the penalty is in US dollars – \$500 (roughly ₹35,000), \$400 (₹28,000) and \$300 (₹21,000) - for the same duration of overstay. Opposition sources pointed out it was unfair that the visa rules equated Bangladesh, which has been a friendly neighbour, and Pakistan.

Kerala calling

Just before Congress leader Rahul Gandhi, along with a delegation of party leaders and Members of Parliament (MPs), on Wednesday embarked on his visit to the riot-hit areas of north-east Delhi, a statement by a Lok Sabha MP from Kerala, K Suresh, left the party redfaced. Before the delegation left in a bus for Brijpuri and other parts of north-east Delhi, Suresh said the Congress MPs had so far not visited the riot-affected areas, even as the Indian Union Muslim League (IUML) and the Left parties, led by the Communist Party of India (Marxist), had. "So we were under tremendous pressure from our constituents (in Kerala)," said Suresh. In Kerala, the Assembly elections are due next year. The Congress' principal rival in Kerala is the incumbent CPI(M)–led Left Democratic Front. There was immense pressure from Kerala MPs on Gandhi to visit the area. In the 2019 Lok Sabha polls, the Congress had won 15 of the state's 20 seats, with Gandhi winning from Wayanad, which has a significant minority population. Its allies, including the IUML, had won four seats.

Short-lived celebration

At a capital market seminar, G V Nageswara Rao, MD and CEO of National Securities Depository Ltd (NSDL), started his speech by saying "...amid all the gloom, I've got some good news. The total demat custody value with NSDL has crossed the ₹200-trillion mark for the first time." By highlighting the milestone right at the beginning, he wanted to bring cheer in the room as sentiments were running low due to the market rout caused to an extent by the spread of Covid-19 across the globe. That said, he went on to clear the air: "But we are no longer at ₹200 trillion as t market has fallen but still... we went there." Someone in the audience quipped: "That's the whole tragedy."

rorism of the taxmen may

seem to bring in the moolah

to a revenue-starved govern-

ment, but in the long term, it

would dent India's image on

the "ease of doing business"

front. A healthy economy is

one where the assessees, whe-

ther individuals or corpo-

rates, pay taxes according to

simple laws. Having complex

tax laws that provide ample

scope for varied interpreta-

tions by the assessees and their consultants, followed by

stiff demands by taxmen

leading to prolonged litiga-

tion — not to speak of the scope for corruption it pro-

vides — are the precise rea-

sons why investors are shying

away from considering India

V Jayaraman Chennai

as their preferred destination.

2016-17 Source: Parliament questions

irrigated areas.

than 2 hectares of land, the assistance is limited to only 2 hectares. In contrast, the scale of finance in kharif 2018 in Gujarat's Rajkot district was ₹39,000 per hectare for castor ₹58,000 per hectare

rent norms of SDRF," Hussain notes.

A way out for the states to ensure that their share of subsidy remains low and farmers also get a good insurance product could be if they come out with their specific single-peril products which cover incidents such as hailstorm under PMFBY either with or without opting for the base cover.

The latest Cabinet decision has lowed these Such a product in normal



By way of illustration, suppose the actuarial premium of a crop comes to 40 per cent in an unirrigated area. In this, the farmer's share is capped at 2 per cent

could also see a fall from kharif 2020. participate in the scheme. Already, data shows that between kharif

tare for groundnut.

Citing an example, Shiraz notes that the farmers will get a much smaller monitoring in the coming years.

course will have a lower premium to cover customised risk. Whether this "So, in the absence of crop insurance, rejuvenates the PMFBY will need close

INSIGHT

In Covid–19 fight, it's about fundamentals

Administrative response to Nipah or even the guick evacuation of Indian nationals from Wuhan shows the government can be responsive and effective when it wants to



DHIRAJ NAYYAR

he novel coronavirus has globalised. And it is playing havoc. It has killed or sickened people in 73 countries. It has sent stock markets shivering. It has paralysed economic activity in China and parts of East Asia, the manufacturing engine of the world. It could potentially send the global economy into a severe downturn or recession. At this stage. around two months after the first outbreak in Wuhan, no one can confidently predict where this will end. However, what is clear is that fundamentals matter — for individuals, health systems and for the economy — even in the most unpredictable circumstances. It's a useful reminder for India as the virus threatens to make its presence felt.

It may take some time before epidemiologists and clinicians fully understand Covid-19. Initial evidence suggests that an individual's fundamental health parameters may be critical in determining the final

impact of the disease. Those who are healthy have a much higher probability of experiencing mild illness and full recovery without hospitalisation. Those who have underlying health conditions are more likely to be severely ill. In India, the vulnerability is two-fold. At one end of the spectrum, there are the many who are malnourished and under-nourished in the low-income groups. At the other end, in the middle- and high-income groups, there's the growing burden of lifestyle disease, such as diabetes, hypertension and coronary diseases.

India's health system is ill-equipped to even deal with the existing burden of disease. A highly contagious viral epidemic would expose it completely, especially the system of primary care. India is woefully short of doctors. It is also terribly short of hospital beds. The number of doctors per 1,000 people in India was 0.62 in 2017, significantly less than the WHOmandated minimum norm of at least one per 1,000. India has 2.7 hospital beds per 1,000 persons, which is, again, much less than the WHOmandated norm of at least five per 1,000. China has 1.5 doctors per 1,000 people and around five hospital beds per thousand, but has struggled to manage the outbreak. India does not have the state capacity to build two massive hospitals in a fortnight and to convert any large space like a stadium into a hospital at short notice which is the strategy China adopted to deal with the sheer number of patients. It is important to note that



other diseases won't go away while hospitals and doctors deal with Covid-19. This would be an additional burden on an already stretched system. While governments over the years must take a share of the blame for under investing in the public health system, the medical fraternity (through the Medical Council of India) also bears responsibility for the failure to train more doctors because of restrictive regulations.

The consequences of an outbreak of Covid-19 in India will spread beyond those who get sick. If restrictions need to be imposed on the movement of people, on the functioning of offices, the working of factories/call centres, there will be a quantum impact on growth. That would be a body blow to an economy that is growing at a sub-5 per cent level. There is hardly any room for a stimulus. The government's fiscal deficit is already beyond its target. The states have no spare financial resources. On the monetary side, there is probably greater room, but given the perilous state of the banking system and the lack of monetary transmission, rate The author is chief economist, Vedanta

cuts by the RBI may not have an impact. India's short-term policy options are very limited compared to China or the US. The economy may yet rue the lack of deep structural reforms which would have made the fundamentals much stronger and enabled a quick comeback from any black swan event-induced downturn.

But it isn't all gloom. There are at least two bright spots in India's fundamentals story which could prevent

Covid-19 from reaching epidemic proportions. First, India is an open, democratic society with free flow of information and elected governments at the Centre and states that are responsive to public pressure. The two countries which have borne the worst of the pandemic are China and Iran where there is sufficient evidence to suggest that prompt action was delayed because authorities suppressed or denied the existence of a threatening pathogen until it had already spread wide, Second, India has a formidable bureaucratic machinery which is trained to "control" and can be effective when in Mission Mode. The administrative response to the recent viral outbreak of Nipah or even the quick evacuation of Indian nationals from Wuhan shows the government can be respon-

sive and effective when it wants to. India has the capacity to prevent an epidemic of vast proportions. It may have less capacity to battle a full-blown one. The next fortnight is crucial.

LETTERS

Welch and HRM

Apropos the report "Wall Street darling, management guru who remade GE, dies at 84" (March 3), Jack Welch would also be remembered for his contribution to the field of human resource management. The performance appraisal system (2X2 Matrix) introduced by him (which rates employees on the basis of achieving corporate goals while adhering to the value system of the companies) made ethical grounding more important than outstanding performance. While an employee high in value but poor in performance would be retained and trained, the one with high performance but low in value would have to leave. He gave a push to the 360-degree feedback system by using it along with a Six Sigma quality programme to increase GE's shareholder value and employed it to fire the bottom 10 per cent low-performing employees each year, thus reducing manpower by a third. He made this forced distribution of employee performance (from timates and arm twisting tax outstanding to poor) in spite of officials to bring in the revemurmurs of protest in and out- nues. In the short run, the ter-

HAMBONE

side the organisation. In GE he experimented

with his concept of "boundaryless organisation" aiming to do away with internal functional silos and external barriers between the company and its customers and suppliers. For this "he initiated what became known as the GE Work-Out process — a series of structured and facilitated forums, bringing people together across levels, functions, and geographies to solve problems and make decisions in real time". He was an advocate of proper succession planning and said that finding a capable successor would be his top most priority during his tenure Y G Chouksey Pune

Earn vishwas

Apropos your editorial "Lice- Letters can be mailed, faxed nce to harass" (March 4), Vivad se Vishwas may be a scheme launched with the Nehru House, best of intentions, but the way to implement it is not to announce ambitious Budget es-

or e-mailed to: The Editor. Business Standard 4 Bahadur Shah Zafar Marg New Delhi 110 002 Fax: (011) 23720201 · E-mail: letters@bsmail.in All letters must have a postal address and telephone number



OPINION

tion can enable the use of spectrum immediately in

60GHz, 70-80GHz, and below 700MHz bands to be used by authorised operators for wireless connectivity. The first two bands are useful for high-capacity

short and medium distance hops, while the third is for up to 10 km hops. The DoT can follow its own precedent set in October 2018 for 5GHz for Wi-Fi, i.e.,

use the US Federal Communications Commission

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Way forward on coronavirus

Monetary accommodation may not help in India

olicymakers around the world are trying to contain the economic damage being caused by the spread of coronavirus. In an emergency move, the US Federal Reserve reduced interest rates by 50 basis points on Tuesday. The central banks of Malaysia and Australia also lowered interest rates, and a joint statement by finance ministers and central bank governors of G7 countries committed to use appropriate policy tools to contain the downside risk. Reserve Bank of India Governor Shaktikanta Das also said there was a strong reason for a coordinated policy action.

An emergency rate cut by the Fed is clearly a preemptive measure to contain the damage. However, the stock markets in the US fell after going up for a while in response to the rate cut. Bond prices went up and the 10-year US government bond yield fell below the 1 per cent mark for the first time. The Fed's policy action and the reaction of both the stock and bond markets, in a way, reflect the extent of uncertainty posed by coronavirus. The situation is evolving and it is still not very clear as to what extent coronavirus will affect the global economy.

As things stand today, the supply chain disruption, originating in China the epicentre of the outbreak - could affect production across the world. Output and trade could get hampered because of outbursts in other countries as well. Countries such as Italy and South Korea have been hurt significantly. There have been deaths in the US and a number of cases have been reported in India as well. Besides disruptions from China, coronavirus can affect output in many countries because of restrictions on travel and the temporary closure of factories to contain the damage. People staying away from marketplaces can affect demand. Further, if businesses are shut for far too long, it could affect wages and employment. Risk aversion could also tighten financial conditions. However, monetary accommodation and a possible fiscal intervention in different countries will help only after the virus is contained. Till the world reaches that point, policy interventions are unlikely to have a significant impact. Therefore, the priority for global leaders should be to contain the virus from spreading further.

For India, the crisis has struck at a time when the economy is going through a severe slowdown. While the number of reported cases in the country is still low, India would do well to prepare for the fallout. Action will be required on the part of the government. First, it is important that the system is able to identify infected people and give them adequate medical care. With India's below par health care, the real danger is of not being able to detect people carrying the virus. In this context, it is vital for the Central government to work with states and, if required, provide adequate assistance. Second, the government should properly gauge the sectors that will be hit due to supply disruptions. This will help in making alternative arrangements and evaluating if policy changes can help improve supplies from domestic sources. Monetary accommodation is unlikely to help at this stage because the problem is of supply disruption. In fact, supply disruptions could put upward pressure on prices and inflation. This is something that the Reserve Bank of India needs to carefully evaluate.

End of uncertainty

More than consolidation, PSBs need real reforms

he Union Cabinet's decision on Wednesday to clear the merger of 10 public-sector banks (PSBs) into four ends the prolonged uncertainty over the exercise. Speculation over a possible delay in the merger date arose after the Cabinet didn't approve the scheme in the three meetings held last month even though it was announced by the finance minister on August 30 last year. Bankers involved in the process were concerned as after the notification, it would usually take 40-45 days for the entities to complete the due processes. Work will now have to be fast-tracked as there is less than a month left before the April 1 deadline for the integration of the balance sheets and shares. The Cabinet's delay was reportedly because of concerns over the financial results of Bank of Baroda, which absorbed Vijaya Bank and Dena Bank two years ago. The combined entity posted a net loss of ₹1,407 crore in the third quarter of this financial year, mainly because of higher provisioning. The bank's fresh slippages rose to around ₹10.387 crore.

While there is no obvious logic behind the way the finance ministry has identified the merger candidates (for example, three weak banks can't make one strong big bank), the fact is that an announcement was made about the listed entities and there was no way the government could have gone back on its commitment. After all, the stakeholders in these banks deserve some certainty about the way forward. Now that the decision has been made, it would be useful for the government to consider the real reforms that PSBs badly need at a time when their share in incremental deposits and lending has been falling steadily. The massive erosion in shareholder wealth in PSBs in recent years is a reflection of the failure of the path that PSBs have taken. For example, AU Small Finance Bank, listed less than three years ago, has surpassed Punjab National Bank in market capitalisation even though the latter's asset book and deposits are many times those of the former. The market capitalisation of Bank of Baroda is also roughly the same as that of the small finance lender. So it's now or never as far as PSB reforms are concerned. The real reform that needs to be looked at is in the ownership structure and remuneration of senior management in PSBs. The goal should be to let banks get over the restrictions imposed by state ownership such as low pay, political interference, and the worry of being hounded by investigation agencies. The government should get cracking on vesting bank ownership in a holding company, whose board should appoint the boards of individual banks. The holding company can leverage its capital to inject funds into banks, and shield them from politicians and bureaucrats who meddle with decision- making. It can institute a remuneration structure that rewards the performance of bankers, aligning it with the performance over time of assets that they originate. The approach to reform, and the sequencing of reform, have been very well laid out in the recommendations of the PJ Nayak Committee. However, the government has chosen to pick and choose clauses without trying to understand the spirit in which the recommendations were made.

ILLUSTRATION: BINAY SINHA

created conflation.

nomic and social problems.

interest? Yes, because people need

good infrastructure to use time,

money, material, and mindshare

effectively and efficiently, with min-

imal degradation of their environ-

ment, whether for productive pur-

poses or for leisure. Systems that

deliver water, sanitation, energy,

matches



India's 'self-goal' in telecom

And urgent steps to avert a cascading crisis

The government apparently cannot resolve the work towards establishing good infrastructure. problems in telecommunications. Why?

we'd fare better. Now, we are close to a collapse in

communications that would impede many sectors,

compound the problem of non-performing assets

(NPAs), demoralise bankers, increase unemploy-

ment, and reduce investment, adding to our eco-

Is resolving the telecom crisis central to the public

What the government can do

Because the authorities are trying to balance the Supreme Court order on adjusted gross revenue An absolute prerequisite is for all branches of gov-(AGR), with keeping the telecom sector healthy, while ernment (legislative, executive, and judicial), the press safeguarding consumer interest. These irreconcilable and media, and society, to recognise that all of us differences have arisen because both the United must strive together to conceptualise and achieve Progressive Alliance and the National Democratic good infrastructure. It is not "somebody else's job", Alliance governments prosecuted unreasonable and certainly not just the Department of claims for 15 years, despite adverse rulings! This Telecommunications' (DoT's). The latter cannot do imagined "impossible trinity" is an entirely selfit alone, or even take the lead, because the steps required far exceed its ambit. If only the authorities focused on what they can

Act quickly do for India's real needs instead of tilting at windmills,

These actions are needed immediately:

First, annul the AGR demand using whatever legal means are available. For instance, the operators could file an appeal, and the government could settle out of court, renouncing the suit, accepting the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) ruling of 2015 on AGR.

Second, issue an appropriate ordinance that rescinds all extended claims. Follow up with the requisite legislation, working across political lines for consensus in the national interest

Third, take action to organise and deliver communications services effectively and efficiently to as many people as possible. The following steps will help build and maintain more extensive networks with good services, reasonable prices, and more government revenues.

1. Enable spectrum usage on feasible terms

It is infeasible for fibre or cable to reach most people in India, compared with wireless alternatives. Realistically, the extension of connectivity beyond the nearest fibre termination point is through wireless middle-mile connections, and Wi-Fi for most lastmile links. The technology is available, and administrative decisions together with appropriate legisla-

Coming from Welch, this is praise indeed, since it

was an open secret that the two men didn't get along

regulations as a model.1 The one change needed is an adaptation to our circumstances that restricts their use to authorised operators for the middle-mile instead of open access, because of the spectrum payments made by operators. Policies in the public interest allowing spectrum use without auctions do not contravene Supreme Court orders. (b) Policies: Revenue sharing for spectrum A second requirement is for all licensed spectrum to be paid for as a share of revenues based on usage as for licence fees, in lieu of auction payments. Legislation to this effect can ensure that spectrum for communications is either paid through revenue

sharing for actual use, or is open access for all Wi-Fi bands. The restricted middle-mile use mentioned above can be charged at minimal administrative costs for management through geo-location databases to avoid interference. In the past, revenue-sharing has earned much more than up-front fees in India, and rejuvenated communications.² There are two additional reasons for revenue sharing. One is the need to manufacture a significant proportion of equipment with Indian IPR or value-added, to not have to rely as much as we do on imports. This is critical for achieving a better balance-of-payments, and for strategic considerations. The second is to enable local talent to design and develop solutions for devices for local as well as global markets, which is denied because it is virtually impossible for them to access spectrum, no matter what the stated policies might claim.

2. Policies and organisation for infrastructure sharing

Further, the government needs to actively facilitate shared infrastructure with policies and legislation. One way is through consortiums for network development and management, charging for usage by authorised operators. At least two consortiums that provide access for a fee, with government's minority participation in both for security and the public interest, can ensure competition for quality and pricing. Authorised service providers could pay according to usage.

Press reports of a consortium approach to 5G where operators pay as before and the government "contributes" spectrum reflect seriously flawed thinking.3 Such extractive payments with no funds left for network development and service provision only support an illusion that genuine efforts are being made to the ill-informed, who simultaneously rejoice in the idea of free services while acclaiming high government charges (the two are obviously not compatible). Instead of tilting at windmills that do not serve people's needs while beggaring their prospects, commitment to our collective interests requires implementing what can be done with competence and integrity.

shyamponappa@gmail.com

1.https://dot.gov.in/sites/default/files/2018_10_29%20DCC. pdf; 2. http://organizing-india.blogspot.in/2016/04/ breakthroughs-needed-for-digital-india.html; 3. https://www.business-standard.com/article/economy policy/govt-considering-spv-with-5g-sweetener-assolution-to-telecom-crisis-120012300302 1.html

social events (golf weekends and so on) so that the candidates could interact with board members.

It was an extraordinarily detailed process micromanaged by Welch (including stipulating the seating arrangements at corporate meets), though he may well have bulldozed the board into accepting his final shortlist of three. These were James McNerney, who headed the aircraft engine business; Robert Nardelli, chief of the GE business that makes turbines and generators for electric utilities and Jeffrey R Immelt, head of the medical devices business, who finally got the top job (perhaps because he was the youngest of the three). True, none of the chosen three shone in their subsequent careers. Jeff Immelt proved a sub-optimal choice for GE. Jim McNerney, who became Boeing's CEO, made the fateful decision to upgrade the 737 series to 737 MAX instead of developing a new model (he stepped down as chairman in 2015 and so escaped the brunt of the criticism over the MAX's disastrous performance). Robert Nardelli became CEO of Home Depot, the home improvement retailer, in 2000 and doubled revenues until his Welch-style management technique compelled the board to ask for his resignation seven years later. Poor successors are a professional hazard for star CEOs. Still, the fact that the larger-than-life Welch's stint saw a smooth succession certainly kept the giant global conglomerate on even keel. There was no eureka moment when the youthful member of a search committee and part owner of a group was abruptly appointed successor — only to be sacked four years later. No double extensions for an MD who then became chairman and appointed a successor MD who would retire before him. No promoter who stepped down as chairman and then stepped back up when the market regulator relaxed appointment rules. Welch did none of these but sadly, it's his less attractive management style that will be remembered.



transport and communications support all these activities. Nothing the transformation brought about by communications SHYAM PONAPPA in India from 2004 to 2011 in our complex socio-economic terrain

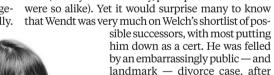
and demography. Its potential is still vast, limited only by our imagination and capacity for convergent action. Yet, the government's dysfunctional approach to communications is in stark contrast to the constructive approach to make rail operations viable for private operators.

India's interests are best served if people get the services they need for productivity and wellbeing with ease, at reasonable prices. This is why it is important for government and people to understand and

Neutron Jack's better legacies

ack Welch, who died on March 1, enjoyed hallowed following among India's male-dom-U inated, mostly family-owned business universe at all (mostly bad chemistry, perhaps because the two for his macho, John Wayne approach to management, an image he did much to nurture carefully.

Everybody, whether owner-managers or professional managers, wished they could be like "Neutron" Jack, abrasive, straight-talking, hiring and firing and closing bus at will (of course, Indian labour laws make the last activity near-impossible). But it is a pity that few choose to emulate their idol's less-acknowledged governance talents: Working productively with people he didn't get along with and meticulously planning his succession.



(a) Wireless regulations

Much of GE's extraordinary per-KANIKA DATTA formance under his stewardship was courtesv GE Capital, better known as

Capital, the financial services behemoth that family-owned and managed - even tolerating a disaccounted for almost 40 per cent of GE's earnings. Between 1991 and 1996, according to an assessment in Fortune magazine, "GE's revenues would have grown just 4 per cent a year were it not for Capital, which more than doubled the growth rate to 9.1 per cent". ... "Wall Street's confidence in Capital is the main reason GE stock is rising at a rate that makes the overall market advance look modest, up 123 per cent in two years, vs. 63 per cent for the S&P 500."

The article was written a year before the man behind these exceptional numbers. Garv Wendt, stepped down for reasons that had nothing to do with performance. Variously described as quirky, blunt, demanding and detail oriented, he established business practices and management styles that gave GE most of its mojo. Welch, his boss, described him as "a brilliant entrepreneur".

I COULD NOT

BE HINDU



twist of fate Welch was later involved in his own very public and awkward divorce case, this one prompting a federal investigation into his spectacular post-retirement benefits).

In a corporate culture riddled with yes-men, it is hard to think of the chief honcho of any Indian company - especially those that are

which Welch asked him to step

down, which he did in 1998 (in a

sident senior executive let alone giving him (and it's mostly men still) the leeway to become a star in his own right. As for shortlisting him as a possible successor: Out of the question. Note the succession patterns in India's largest corporations: If the successor is not a family/founder member, it's usually a technocrat with a fine-tuned sense of survival who can be relied on to do the promoter's bidding. If it's not a family-owned conglomerate, star CEOs struggle to let go.

Tolerating and encouraging a rival was not the only uncharacteristic Welch touch. So was his succession planning. He retired in 2001 but the search for his successor began as early as 1994. The exercise was merged into the routine annual board-level assessments of senior executives but Welch widened and deepened its ambit by shortlisting candidates, tracking their performance and organising a series of

An RSS Dalit's awakening



hanwar Meghwanshi's I Could Not Be a Hindu: The Story of a Dalit in the RSS is an extraordinary memoir for these troubled times.

Beginning with a Dalit youth's desire to prove his credentials as a "true swayamsevak" during the Ram Janmabhoomi movement, it traces the journey of a brutal awakening to the intrinsic Brahminism of the Rashtriya Swayamsevak Sangh (RSS) and the author's subsequent turn to Ambedkarite politics.

Mr Meghwanshi's faith in the RSS received the first jolt when, as a 15-year-

old, he travelled by train to Lucknow in October 1990 to participate in the "second battle of Independence".

As soon as the train left the station, senior Sangh functionaries, pracharaks and industrialists got off. "Only people like me remained impassioned Dalits, Adivasis, other young people from the lower castes, and a few sadhus and sants... some lower-order functionaries tried to put us at ease, don't worry, these people have other contingents to see off and then they'll follow us directly to Avodhva. They were never to come. They were sensible people and went back to their homes. I understood that sensible people always use us, we who are driven by passion; they push us into battle and return to their safe little coops. In this lies their greatness; maybe greatness is just another word for cunning".

This, however, didn't precipitate a decisive break because the shakha had come to form an integral part of Mr Meghwanshi's life, and he was impressed by the austere lives pracharaks led. Steady progress up the ranks, albeit at the local level, gave Mr

Meghwanshithe impression that the Sangh valued him. Things

changed soon for Mr Meghwanshi, who had rebelled against his Congresssupporting father. He was denied the opportunity to be a

pracharak because he was a vicharak (thinker) and the Sangh had no use for such people. It only needed those who could effectively convey the "message from Nagpur exactly as it was intended".

Mr Meghwanshi's decisive break with the Sangh came soon after. When he invited Sangh functionaries to his house for a meal after a funeral procession for slain karsevaks, he noticed their hesitation. He was informed that the sadhu-

informing them, we give them food

Mr Meghwanshi was asked to pack the food so that it could be used to feed the procession at the next village. The next day a good friend informed him that the food was thrown away

right outside the village. Thirsting for revenge, Mr

Meghwanshi joined up with other disgruntled former swayamsevaks to form a students' organisation to take on the Akhil Bharativa Vidvarthi Parishad, the Sangh's student wing.

Eventually, his quest to understand what he had witnessed led him to B R Ambedkar. He had, till then, read about Ambedkar in Sangh publications. "...I learnt that Babasaheb was a great nationalist... That he had wanted to make Sanskrit the national language and the saffron flag the national flag. That despite every temptation, he had not converted to Islam or Christianity but to Buddhism, which was part of Hinduism. And that he was opposed to the continuation of Article 370 in Kashmir, which gave the state a special status".

What he read overwhelmed him, because it was exactly the opposite of what the Sangh had told him about Ambedkar. The texts helped him realise why of the six sarsanghchalaks, the topmost leaders of the RSS, five were Brahmins and one from a Kshatriya caste.

This opposition to the Sangh led him first to take up journalism and then to join hands with the Mazdoor Kisan Shakti Sangathan. And he hasn't relented in his opposition to the RSS,

despite periodic overtures from the Sangh. Being one of the few memoirs written by a former swayamsevak, the book repudiates the linear view of RSS mobilisation that even many of those who oppose the Sangh have come to accept.

Clearly, there are inherent fault lines in the RSS's project of creating a homogenous Hindu society. These tensions remain despite moments when the project appears to have triumphed.

Consider the communal riots in Gujarat in 2002. Mr Meghwanshi says that during his travels across the state at that time, he realised that "much of the violence was committed by Dalits and Adivasis... The game plan of the right-wing forces was successful. Muslims, Adivasis and Dalits died fighting each other".

It is, however, the realisation of the fragility of this project that drives the Sangh to seek to muzzle people like Mr Meghwanshi, whose relentless exposes of casteism in the RSS have resulted in multiple attempts to shut down his publications.

sants who were part of the procession would be "really upset if without from a lower caste home". I COULD NOT BE A HINDU: The Story Of A Dalit

In The RSS Author: Bhanwar Meghwanshi **Publisher:** Navayana Price: ₹399

QUICK TAKE: CORONAVIRUS OVERHANG FOR MAKEMYTRIP



The coronavirus scare has taken a toll on shares of ^{30.0} Price in 5
^{31.0} Nasdaq-listed MakeMyTrip. Since February 12, t tour and travel group's stock has slumped close 24 per cent on account of travel disruptions in South-East Asia. The operator says spread of th Nasdaq-listed MakeMyTrip. Since February 12, the tour and travel group's stock has slumped close to South-East Asia. The operator says spread of the virus to the US and Europe could weigh on business

"Most of us think there are four kinds of companies: Large, mid, small and micro. In reality, there are only two kinds of companies: Good and Bad' D MUTHUKRISHNAN, Certified Financial Planner

WWW.SMARTINVESTOR.IN FOR INFORMED DECISION M

SBI CARDS IPO QIB segment subscribed 57.2x

SAMIF MODAK Mumbai, 4 March

ndia's second-largest credit card issuer SBI Cards and Payment Services' initial public offering (IPO) has got a thumbs up from institutional investors despite the turmoil in the secondary market.

The so-called qualified institutional buyer (QIB) segment was subscribed 57.2x, with the cumulative bid amount crossing a record ₹1 trillion. Nearly half the bids in the OIB segment came from overseas investors. Wednesday was the last day for OIB bidding. Overall, the IPO has been subscribed 15.2x. Other segments of the IPO, too, have seen more demand than the shares on offer already. Market players say that the strong demand from institutional investors will spur other investors, including high networth individuals (HNIs), to bid aggressively.

The premium on shares of SBI Cards in the grey market has come off in the past few days, on account of the fall in the markets. At one point, grey market operators were offering as much as 50 per cent premium over the issue price of ₹755. However, the last few trades in the unofficial market took place at less than 20 per cent premium, said market players. This,



some believed, would moderate the IPO demand. Most brokerages have recommended their clients to "subscribe" to the SBI Cards IPO. The price band for the IPO is ₹750-755 per share. At the top end, the stock is valued at 46x its earnings for the first nine months of FY20.

"SBI Cards offers an investment opportunity in a unique business model with higher business growth and strong return ratios justify the premium valuation for Market players said that many investors of the industry," said Umesh Mehta, head

RECORD RUN

Bids by institutional investors crossed the ₹1–trillion mark

1	Segment	Subscription (x)
	QIB	57.2
	HNI	1.4
ł,	Retail	1.7
2	Employee	3.3
10	Shareholder	2.3
2	Overall	15.2
1	QIB: qualified institutiona Source: NSE, BSE	l buyer; book has closed

were excited about investing in the first credit card company to list in the domestic market. It is the second-largest player in domestic credit cards market, with a market share of 18 per cent.

"SBI Cards has diversified its reach through multiple channels, aided by SBI's vast customer base of around 446 million. Financially and operationally, the comstrong profitability. Sustainability of pany has delivered robust performance over the past three years. Therefore, the premium that the issue commands is justhe business," says a note by ICICI Direct. tified, considering the growth opportunity

(research), Samco Securities. Analysts say the under-penetration of credit cards in India and the government's focus to spur digital transactions will give SBI Cards the impetus to grow in the coming years.

The company has maintained a strong earnings trajectory, with revenue rising at a CAGR of 44.6 per cent to ₹6,999 crore in 2017, and a net profit trajectory of 52.1 per cent CAGR to ₹862.7 crore in 2019, with sustainable RoA above 4 per cent and RoE at more than 28 per cent," says a note by ICICI DIRECT.

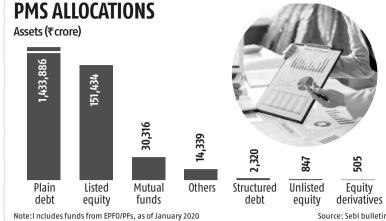
SBI Cards' IPO is the fourth largest in the domestic market after Coal India (issue size ₹15,200 crore), Reliance Power (₹11,700 crore) and GIC Re (₹11.373 crore). While the SBI Cards issue size is ₹10,300 crore, the company has already allotted shares worth ₹2,800 crore to anchor investors.

Through the IPO, SBI Cards is looking to raise ₹500 crore in fresh equity issuance, to shore up its capital base. The remaining ₹9,800 crore will come from a secondary share sale by parent State Bank of India (SBI) and private equity major Carlyle.

The PE firm had bought a stake in 2017 from the lending arm of General Electric for about ₹2.000 crore.

SBI's stake will drop to 70 per cent from 74 per cent, while that of Carlyle will reduce to 16 per cent from 26 per cent.

Distributors likely to push AIF schemes as fee arbitrage bites



SACHIN P MAMPATTA Mumbai, 4 March

A change in upfront fee regulations may mean a switch in what distributors pitch to their wealthy clients.

Large distributors may look to pitch more alternative investment funds (AIFs) and fewer schemes under the portfolio management service (PMS) scheme, according to experts.

Both are essentially sophisticated products aimed at the wealthy though there are significant structural differences.

Recent regulatory changes mean PMS schemes have no upfront incentive for distributors.

Daniel G M, founder-director at industry-tracker PMS Bazaar, which also tracks AIFs, said distributors had been seeking information about AIFs. Large wealth outfits are examining fee structures and other factors.

"They've started evaluating that (segment)," he said.

An AIF typically results in an upfront commission of 3-3.5 per cent of the assets garnered. Commissions for PMS schemes are lower by around 100 basis points, noted a senior executive at a wealth firm.

Arbitrage increases drastically with the removal of PMS upfront commissions. A distributor can expect to make 3 per cent or more immediately if they sell an AIF instead of the gradual trail commission paid in a PMS scheme.

This may result in some shift towards the AIF segment.

The person said differences between

"Earlier, when mutual fund upfront commissions were removed, the money which wouldn't have been out of place in either a mutual fund or PMS scheme tended to gravitate towards PMS. One can expect something similar now in favour of AIFs," said the person.

the segments might affect the extent to which the shift happened. The AIF segment comes with a multi-year lock-in and has a minimum investment of at least ₹1 crore, or twice that of the PMS industry.

The Securities and Exchange Board of India recently doubled the minimum ticket-size to ₹50 lakh. It had also changed the fee structure to ensure no large payouts in the beginning to prevent distributors mis-selling products for short-term gains.

"As provided in ... the PMS Regulations, no upfront fees shall be charged by the portfolio managers, either directly or indirectly, to the clients," said the February 13 circular.

It added that portfolio managers also had to provide a direct plan, which would allow clients to invest without using a distributor.

"Portfolio managers shall prominently disclose in its disclosure documents, marketing material and on its website, about the option for direct onboarding ... At the time of on-boarding of clients directly, no charges except statutory charges shall be levied." it added

Making the transition could be easier said than done.

A portfolio manager pointed out AIFs had ambiguities around taxation, besides a higher minimum investment.

AIFs structured as trusts found themselves having to pay 42.7 per cent in taxes after an increase in the surcharge in the last Budget. Investors who can write large cheques required in AIFs also tend to be sophisticated. They are less likely to be swayed by what the distributor decides to push. said the person.

There is also a sense that a similar regime may soon be in place for AIFs. So any arbitrage is unlikely to persist indefinitely, according to experts.

Debt MFs eye gains from US Fed move

JASH KRIPLANI Mumbai, 4 March

Debt fund managers expect sizeable gains to accrue across the bond yield curve, following the US Federal Reserve's rate cut. The 10-year bond yields on US government securities dipped 12 basis points (bps) on Wednesday, slipping to an over three-year low of 6.23 per cent.

'There could be further easing of bond vields as the Reserve Bank of India (RBI) has also given the signal that they are ready to act to give further fillip to the economy," said Mahendra Jajoo, head (fixed income), Mirae MF. Market participants say the RBI could take a cue from the US Fed and cut rates to mitigate the impact of coronavirus on the domestic economy.

On Wednesday, the US Fed took a 50-bps rate cut amid concerns over the outbreak of coronavirus slowing down US and global econ-

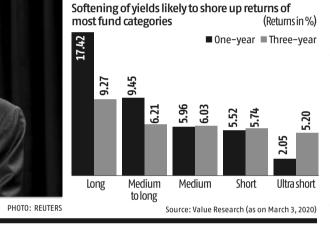
omy. The rate cut sent the US treasury's 10-year yield to its lifetime low of 0.99 per cent. "Our base case is that we will have 25-50 bps rate Further, bond markets will be pric-



cut (from RBI) in April. The space for long bonds rally has opened up further," said Maneesh Danghi, chief investment officer (fixed income), Aditya Birla Sun Life MF. "Longer-dated papers are likely

to gain more due to higher sensitivity, but most duration categories should see gains from US Fed cut.

EYEING A BIGGER PIE



ing in a rate cut by the RBI, even though these expectations may or may not fructify," said Lakshmi Iyer, CIO (fixed income) for Kotak MF. The RBI has already cut its reporte by 135 bps since January 2019 to boost the economy

Fund managers highlight that papers of duration below 10 years will be more attractive.

Market participants say further upside in gilt funds — which take exposure to longer dated government securities — will be limited on account of robust gains already pocketed by such funds. In a onevear period, long duration funds have gained 17.4 per cent.

Experts say investors may look at duration play in the 7-8 year categories.

and 7-8 year government bonds had widened to almost 80 bps. Subsequent spreads (longer bonds spread over 7-8 year bonds) are relatively low. This makes the 7-8 year government bonds a 'sweet spot', with strong likelihood of very wide spreads versus shorter-end bonds compressing over coming months," Choudhary added.

category takes exposure to papers with maturities of 4-7 years, whereas the long-duration funds take exposure to papers of duration over 7 years.

In a 1-year period, the mediumto-long duration category has given returns of 9.45 per cent.

The spread between 4-year

The medium-to-long duration

Overseas listings dry up as firms eye domestic market

FY06 saw most issuances at 56, raising \$3.6 billion

SACHIN P MAMPATTA Mumbai, 4 March

The recent move to ease foreign listings for Indian companies comes even as the route has been languishing over the past few years.

There has been only one such instance since financial year 2015-16 (FY16). HDFC Bank had raised capital through issues of depository receipts in FY19.

This is in contrast to earlier years. The largest amount raised in a single year was \$7.7 billion in FY08 through 33 issuances, shows data from market tracker PRIME Database. The largest number of issuances was in the year FY06, which saw a total of 56 issues raise \$3.6 billion.

The decadal average of funds raised through this route is currently at its lowest on record. An average of \$521 million was raised in the 10 years ending FY20. PRIME has yearly data on such issuances going back to FY93.

There was a greater incentive to look abroad earlier for access to foreign capital. This is not the case now, when more foreign investors are investing directly in India, noted Pranav Haldea, managing director at PRIME Database.

Foreign portfolio investors held ₹30.8 trillion in equity assets as of January 2020, shows data from the National Securities Depository (NSDL).

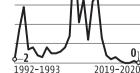
Companies with global operations or ambitions can choose to list abroad even Savla. today, said Haldea.

'There is also a sense among certain companies that they can command a pre-



HEADING SOUTH

-**56** -(\$3.5bn)-2005-06



Note: 2019-20 data is as of February-end Source: PRIME Database

which they may not get domestically," he said.

Mehul Savla, partner at boutique investment bank RippleWave Equity Advisors, said that global investors porated in India to directly list would want to par-

ticipate in equity The decadal issuances by new- average of funds age online Indian raised through companies if they this route is want to raise currently at its capital. "There will lowest on record

be appetite," says

Firms may also weigh the ongoing evolution and interadvantages of listing locally. nationalisation of capital mar-Domestic listing could make kets across the globe," said a sense for such companies December 2018 expert commium in an overseas market, because they are consumer- mittee report.

Aviation stocks may descend further as traffic drops

THE COMPASS

RAM PRASAD SAHU Lower crude oil prices unlikely to offset pressure on volumes

"The longer-end may struggle

once the current momentum

fades, also in part due to the sig-

nificantly higher state loan supply

expected over the year. This antic-

ipated loan supply makes the

10-year on the AAA corporate

curve less attractive," said Suyash

Choudhary, head (fixed income),

IDFC MF.

Base=100

 $_{-180}$ **BS Aviation Index** 160 its 15-month low. Sensex

80 Mar 4,'20 Mar 1,'19 Compiled by BS Research Bureau

SpiceJet and InterGlobe Aviation (IndiGo), the two listed carriers, could see further correction in their share prices.

The development comes as passenger growth — which has been slowing down on account of the economic slowdown — has taken

further hit due to the outbreak of coronavirus. While the IndiGo stock has slumped 36 per cent from its highs over the past year, that of SpiceJet has nosedived 53 per cent to

The immediate hit for the two airlines has come in the form of fall in traffic on international routes, which account for about a quarter of their revenues. While traffic



4 per cent of the international traffic to and from India, spread of the virus to South-East Asia and West Asia could have a bigger impact, as the fare for four key routes has corresponding figure for these regions is 30 per cent. on-year fall in January and

Both airlines have been placing higher share of incremental capacity on international routes, given the domestic slowdown.

The expected dip in traffic could put pressure on fares as January was muted at 2.2 per and yields before considering to China constitutes less than well as yields. Fares on cent. Year-to-date passenger the sector.

growth stands at 3.3 per cent, compared to 16.6 per cent a vear ago, on the back of low demand and Jet Airways' exit.

While managements had guided for elevated costs due to the delay in induction of new aircraft, the fall in crude oil prices is expected to offer some relief. Crude oil prices have come off by a third from their January highs.

domestic routes have been under pressure.

Analysts at Ambit Capital Analysts at JM Financial say every \$1 reduction per estimate that the average air barrel of crude oil leads to a 7-per-cent improvement in seen an over 20 per cent yearearnings before interest and taxes. While this is a positive. February 2020. The brokera sharp fall in load factors, age says this will lead to modwhich have held steady so far, could offset gains on account eration in yields, and subsequently a hit on March of lower crude oil prices. quarter earnings.

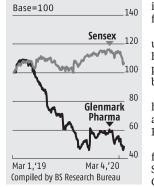
Passenger growth in uptick in passenger traffic

Investors should await an

Glenmark gets leg-up from drug licensing deals in US

and recovery in US sales are other re-rating triggers

Reduction of debt



UJJVAL JAUHARI

Glenmark Pharmaceuticals' exclusive licensing arrangement with Hikma for commercialising its allergic Rhinitis spray in the US is a step in the right direction. While Glenmark will receive some upfront and milestone payments (which it hasn't disclosed) till the drug is approved, Hikma will be responsible for the drug's sales in the US.

Such deals are important as the upfront and milestone payments will help Glenmark lower its debt as well as product development expenses, while boosting its future growth prospects.

The approval for the said product, however, is anticipated only by H2CY20, as the company has received a Complete Response Letter (CRL) from the US FDA. Hence, further developments on this front will be closely watched by the Street, given its implications on Glenmark's US sales.

remained subdued on account of intense competition for its dermatology range. In addition, the US FDA's warning letter for its Baddi facility has also been a dampener.

Likewise, high debt has added to constock has more than halved in less than a year. To improve profitability, the company is planning to control costs.

Yet, analysts feel that with trials for various molecules leading to high R&D spends (at 8 per cent of sales), cost reduction may be difficult till more partnerships/agreements are achieved.

Among key molecules, Glenmark is conducting trials for GBR 830 (for autoimmune disease), GRC 17536 (in diabetic neuropathy), oncology trials for GBR1302 and GBR 1342, inhaled respiratory compound GRC 39815 and a biosimilar, for which the company is said to be in active discussions with potential

The company's US sales growth has partners, say analysts. Hence, developments on this front, too, will be closely tracked by investors.

Positively, the company's domestic growth remains on a strong trajectory. Domestic sales in December quarter (Q3) were up by 18 per cent year-on-year cerns. It is due to these reasons that the propelled by launch of a diabetes product, as compared to 13-15 per cent during the first two quarters of FY20.

Consequently, a recovery in US growth and debt reduction could be a booster for the stock. Net debt stood at ₹3,650 crore at the end of Q3. With no major investments, the company expects debt to reduce moving forward.

Even as a thin US drug pipeline and regulatory issues have weighed on Glenmark's growth in the world's largest health care market, analysts at Emkay Global say that valuation is fairly comfortable at 10 times FY21 estimated earnings, and any palpable signs of debt reduction can drive stock re-rating.

Securities Exchange Board of India (Sebi) has been debating the relative merits of allowing such listings. "Equity listings by com-

facing, according to Savla.

The availability of private

and

equity funding would also be

a factor for companies looking

to decide on a listing, he said.

panies incorporated in India

on foreign stock exchanges

would allow them to access

foreign capital at a lower cost.

The Indian economy, in turn,

would experience added

growth and economic devel-

opment... As a result, Sebi felt

it appropriate to consider

facilitating companies incor-

Indian

their equity shares

on foreign stock

companies incor-

porated outside

India to list on

exchanges, in view,

particularly, of the

and

stock

exchanges

20 10

The

THE SMART INVESTOR 11

AU bank: Small, beautiful and expensive

Stock has risen 100% in the past year; m-cap crosses **ON THE RISE** larger peers like Bank of Baroda, PNB and IDBI Bank

HAMSINI KARTHIK

Mumbai, 4 March

ith gains of over 100 per cent in the past year, AU Small Finance Bank (AU SFB) is the undoubted top performer among stocks in banking and financial services.

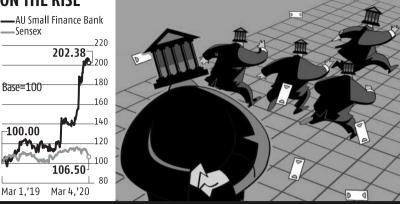
In terms of price gains in a year, it has done better than giants such as ICICI Bank, Bajai Finance, HDFC Bank, and State Bank of India. On the market capitalisation front, it has overtaken long-standing players like Bank of Baroda, Punjab National Bank, and IDBI Bank. Its m-cap of ₹35,083 crore is more than the combined figures of 10 other banks including Oriental Bank, Syndicate Bank, and DCB Bank. Supporting this bull run is its relatively small balance sheet of just ₹53,732 crore (loans of ₹29,867 crore and deposits of ₹23.865 crore).

What has also supported the price rally is the bank's ability to grow upwards of 35 per cent quarter after quarter, whether there is an economic slump or not.

For instance, in the December quarter (Q3), which arguably turned out to be the toughest so far for banks, AU SFB managed to expand its loan book to ₹29,867 crore (up 37 per cent year-on-year). Consequently, its net interest income grew 46 per cent year-on-year, and net profit pocketed a handsome 99 per cent increase.

This happened without comprising much on asset quality (maintained at 1.9 per cent) and improving profitability by 17 basis points (bps) YoY to 5.5 per cent in Q3. Drawing 41 per cent of its business from Rajasthan (where its headquarters is), AU SFB's ability to focus on select products and target customers helps it remain nimble.

Vehicle loans and small business loans account for 77 per cent of its loan book. ILLUSTRATION BY: BINAY SINHA



While year-on-year growth in disburserent account-savings account (CASA) ments in Q3 (at 21 per cent), visibly came deposits wobbled a bit to 17 per cent from off its past levels, these numbers — albeit 24 per cent last year. their relatively low base - turned out to be

Clearly, there is more work to be done for the bank to showcase itself as a serious competitor to its larger peers, which operate at a CASA ratio upwards of 30 per cent.

MAPPING THE M-CAP (₹ crore)

73,939
64,473
35,083
33,869
29,948
29,585
17,914
16,628
15,956
15,811
Compiled by BS Research Bureau

AU SFB attracted a reasonable investor interest right from its initial public offering in 2017 for its clean shareholding structure, and its business that is oriented towards non-microfinance. With a clutch of SFBs waiting to hit the market and most of them saddled with the burden of high promoter But even beyond these numbers, holdings — which will remain an issue

even after their listing - it puts AU SFB in an advantageous position in terms of being insulated from capital dilution.

However, while these positives have helped the bank so far, investors must be cognizant of the fact that AU SFB's assets are still at a nascent stage and haven't really stood the test of time yet. "There is a concentration of business and geography while liabilities are still in its early stages as the bank is still quite new," say analysts at Kotak Institutional Equities.

The brokerage is among the few to have a 'sell' rating on the stock.

"We find valuations expensive at current levels given the higher cost of equity to reflect the risk of the businesses," they add. Whether the AU SFB stock sustains its run or not remains to be seen. For now, 13 of the 22 analysts polled by Bloomberg have a 'buy' on the stock. However, their average target price of ₹1,026 indicates a potential downside of 11 per cent.

value, the stock remains among the preferred picks in the banking pack.

Market revival stalls Norwegian fund raises corporate bond bets SACHIN P MAMPATTA Fixed income accounts for **TOP PLAYERS** on new virus cases 26.5 per cent. Mumbai, 4 March

debt assets.

SUNDAR SETHURMAN Mumbai & March

The recovery in domestic indices was short-lived after the health ministry reported new cases of coronavirus, taking the total number of infections in the country to 28.

While the benchmark indices ended with losses, most global markets extended gains as investors focused on downside risks to our earnings estimates

CORONA FEAR

the global policy response to the virus outbreak, and a surprise comeback for Joe Biden in the US presidential primarv.

The Sensex, after briefly trading in the green, slumped as much as 800 points (2 per cent). Stocks managed to recoup losses in the last hour of trade as US futures indicated a strong opening on Wall

Street. The Sensex settled at 38,409, down 214 points or 0.6 per cent. The index has now ended 38,623.7 with losses in eight of the previous nine sessions. Since February Mar 3 19, it has declined 2,914

points or 7 per cent. The Nifty closed at 11,254, down 49 points or 0.43 per cent.

Harsh Vardhan, Union health minister, said on Wednesday that 14 Italian tourists and their Indian driver had tested positive, taking the total number of people infected in the country to 28. Globally, infections rose above 93,000, with the death toll rising to 3,201.

Market players said the outbreak in *With inputs from Bloomberg*

India was worrying, given the country is densely populated. If not contained, it could have a significant impact on the domestic consumption-driven economy, which is already under significant pressure.

"India, which had so far remained largely unaffected, is now seeing cases rise, which has dampened sentiment. This event has introduced an additional

> for FY21. Overseas flows could also add to volatilsaid Siddhartha ity." Khemka, head (retail research), Motilal Oswal Financial Services.

investors Foreign have pulled out close to \$2 billion from the domestic markets in the past fortnight. On Tuesday, the US Federal Reserve announced its first emergency rate cut since the 2008 financial

crisis, slashing policy

rates by half a percentage points. "The recent surge in cases outside China has spooked investors across the globe. Monetary measures by various central banks are going

unnoticed. Markets are currently witnessing a roller-coaster ride, and we do not see this ending anytime soon," said Ajit Mishra, vice-president (research) of Religare Broking, Barring three, all BSE sectoral indices ended in the red. Banking and finance stocks were worst-hit, with their respective gauges falling 1.7 and per 1.6 cent each.

39,000

38.700

38.400

37.800

38,409.5

Mar 4

the best in the sector.

What's also positive is its ability to

expand its deposit base (up 63 per cent YoY

in Q3). However, the share of low-cost cur-

The world's largest sovereign wealth fund, Government Pension Fund Global of Norway, is raising its bets on corporate bonds in its India fixed income portfolio.

According to the fund's latest disclosures, it has added two new names — Adani Ports & Special Economic Zone, and Britannia Industries. Its investments are worth \$100 million in the Adani venture and close to \$250,000 in Britannia.

The total proportion of corporate bonds in its India fixed income book has risen from 5.1 per cent to 8.2 per cent as of 2019. Other holdings include Reliance Holding USA and Reliance Industries.

The two companies account for a further \$95 million in related bonds".

TODAY'S PICKS



positions at 11350. Big moves could go till 11475, 11000. Extremely volatile session likely. A long Mar 12 11000p (92), short 10900p (73), may gain 10-15 if the index drops below 11100.



_30,900 _30.100 29.300 28,500

Even at 8x its FY21 estimated book

	Name	Market value(in \$ million)
	Adani Ports & Special Economic Zone	98.1
100	Reliance Industries	73.5
	Reliance Holding USA	21.6
	Britannia Industries	0.3
14 30	Source: Norges Bank Investment Ma	anagement

In response to a query from bond portfolio, going forward," Business Standard, a spokesperthe fund stated in its annual son for the fund said it was a report. Norway established the fund

classification error. "Bonds denominated in after its oil discoveries to dollars, euros, pounds, and yen provide a cushion against oil climbed from 82.6 per cent to price fluctuations and help 84.6 per cent of fixed income meet future needs. It invests investments. Debt instruments across asset classes, including issued by governments and equities, fixed income, and companies in countries real estate. classified as emerging markets will be limited to 5 per cent

"In the first years, returns

were low, but the fund grew due to large inflows. In the past decade, the fund has had lower inflow, but the return (was higher)...The strong return the past decade was facilitated by the equity purchase... during the financial crisis. The fund is now worth more than the Norwegian people's combined net wealth and three times the country's GDP. We now have wealth invested in the world's financial markets that exceeds the government's total oil revenue over the past 50 years," according to the report.

Instruments that are no longer in the fixed income portfolio of the fund include REC \$1.1 trillion, about 70.8 per cent and Power Finance of which is invested in equities. Corporation.

BY DEVANGSHU DATTA Bank Niftv Tata Steel **Bajaj Finance** Wipro Current: Current: Current: Current: 28,671 (fut: 28,758) ₹377 ₹4,286 ₹229 Target: NA Target: **₹4,215** Target: **₹233** Target: **₹371** Keep a stop at 380 and go short. Keep a stop at 4315 and go short. Keep a stop at 227 and go long. Stop long positions at 28600. Stop short positions at 28900. Big Add to the position between Add to the position between Add to the position between moves could go till 29300, 28250. 372-374. Book profits at 371. 4225-4240. Book profits at 4215 231-232. Book profits at 233. Excessive volatility likely. Trend could stay negative. Bank NIFT Price in ₹ 12,280 _31,700 Price in ₹ 258 5.000 11,960 _11,640 238 4.600 **11,320** 228 4.400 _____11,000 Mar 4 1ar 1- 218 4,200 Feb 1 Feh 1

Target prices, projected movements in terms of next session, unless otherwise stated

Government of India debt securities account for the bulk of its holdings. The fund held instruments worth \$2.16 billion. The figure was \$1.96 billion last year. It also held Export-

Import Bank of India instruments under "governmentrelated bonds". Investments in Reliance Industries had also been classified as "governmentof the market value of the

COMMODITIES

US Fed's rate cut boosts base metals, crude oil

DILIP KUMAR JHA Mumbai, 4 March

across the world.

₹3.537 a barrel.

uled meeting.

\$5,725 a tonne in afternoon trade.

rise to trade at \$1,733 a tonne.

PRICE CARD

As on March 4	Internat	International		Domestic	
	Price	%Chg [#]	Price	%Chg#	
METALS (\$/tonne					
Aluminium	1,706.0	-3.7	1,939.1	2.7	
Copper	5,668.0	-2.7	6,131.4	-1.2	
Zinc	1,986.0	-12.0	2,184.9	-15.1	
Gold (\$/ounce)	1,647.4*	11.7	1,831.9	10.3	
Silver (\$/ounce)	17.3*	2.3	19.6	1.0	
ENERGY					
Crude Oil (\$/bbl)	52.8*	-16.0	51.9	-16.1	
Natural Gas (\$/mm	Btu) 1.8*	-25.0	1.8	-25.3	
AGRI COMMODITI	IES (\$/tonn	e)			
Wheat	190.2	2.1	291.3	-2.2	
Maize	183.5*	0.7	240.1	-15.4	
Sugar	388.3*	12.0	474.4	-1.8	
Palm oil	607.5	-8.6	1,007.8	-3.2	
Cotton	1,383.4	-0.7	1,494.9	-4.4	

As on Mar 04, 20 1800 hrs IST, # Change Over 3 Months Conversion rate 1 USD = 73.2& 1 Ounce = 31.1032316 grams

1) International metals, Indian basket crude, Malavsia Palm oil, Wheat LIFFE and Coffee Karnataka robusta pertains to previous days price. 2) International metal are LME Spot prices and domestic metal are Mumbai local spot

International metan are una goog procession prices except for Steel.
International Grude oil is Brent crude and Domestic Crude oil is Indian basket.
International Natural gas is Nymex near month future & domestic natural gas is MCX near month futures.
International Wheat, White sugar & Coffee Robusta are LIFF. Enture prices of near month contract.

International Maize is MATIF near month future. Rubber is Tokyo–TOCOM near month

future and Palm oil is Malaysia FOB spot price. 7) Domestic Wheat & Maize are NCDEX future prices of near month contract, Palm oil &

 Rubber are NCDEX spot prices.
 99

 9) Domestic Ceffee is Karnataka robusta and Sugar is M30 Mumbai local spot price
 99

 9) International cotton is Cotton no. 2 - NYBOT near month future & domestic cotto Future prices near month futures.
 Source: 8100mberg

 Cource: 8100mberg
 Compiled by 85 Research
 on is MO

Compiled by BS Research Bureau

SHINING BRIGHT

Fed) announced a 50 basis points (bps) emer-

gency interest rate cut. The Fed also confirmed

high downside risk for the global economy as a result of

increasing number of coronavirus (COVID-19) cases

Mumbai spot market, while the copper contract for

delivery in three months on the benchmark London

Metal Exchange (LME) jumped 1 per cent to trade at

by 0.9 per cent to \$1,993 a tonne on Wednesday.

Aluminium prices also followed suit, with a 0.6 per cent

and silver rose as well. While crude oil prices jumped

1.4 per cent to \$52.59 a barrel on the Intercontinental

Exchange (ICE), while on the Multi Commodity

Exchange of India (MCX), it rose by 2.3 per cent to

said the cut by US Fed showed the paranoia around the

COVID-19 spread. "Most importantly, base metals and

energy have recovered their quantum of recent correc-

tions with room for further rise possible. With COVID-

19 spread widening by the day, which poses further

downside risk in the global economy, bullion prices have

gained sharply in the last two months due to their safe

haven appeal with potential for further increase," he

added. Since sentiment around the US Fed's interest

rate cut was building for a couple of days, the quantum

wasn't a surprise, though the timing was. Normally, the

US Fed announces a revision in interest rate at its sched-

Lehman Brothers crisis in 2008, which weakened prices

of all dollar denominated commodities. In fact, investors

aggressively sold their greenback on Wednesday result-

ing in a fall in the value of the dollar against major global

currencies. The rupee in initial trade slipped to 73.90

against the dollar, before closing with a marginal 7 paise

appreciation on Wednesday at 73.23.

Tuesday's surprise cut was the first such since the

Gnanasekar Thiagarajan, director of Commtrendz,

Gold and silver prices increased 2-3 per cent in the

Nickel rose 1.9 per cent to \$12,795 a tonne and zinc

It wasn't just base metals; prices of crude oil, gold,

Commodities price movement ase metals' prices jumped 1-2 per cent on Wednesday after the US Federal Reserve (US

Bullion	March 4	% change*
Silver (₹/Kg)	46,205	2.7
Standard gold (₹10 gm)	43,130	2.0
ENERGY		
ICE crude oil (\$/BBL)	53	1.4
BASE METAL		
Nickel (\$/tonne)	12,795	1.9
Copper(\$/tonne)	5,725	1.0
Zinc(\$ <i>I</i> tonne)	1,993	0.9
Aluminium (\$ <i>I</i> tonne)	1,733	0.6

Source: IBJA, LME, Bloomberg *Change over previous day's close Compiled by BS Research Bureau

"Base metals in a first reaction have appreciated sharply on the LME and MCX after Fed's interest cut. Further gains came in as the dollar slipped for the sixth straight session. Industrial metals turned positive on optimism that China will follow the US in lowering interest rates," said Naveen Mathur, director (commodities and currencies), Anand Rathi Shares and Stockbrokers.

China is making slow but steady progress in getting back to work. Gold and silver have gained sharply over the past few weeks as investors moved out of risky assets to park their funds in bullion, which offered about 30 per cent returns in calendar year 2019.

Gold prices have jumped by over 8 per cent so far this year on sustained demand, with prices hitting a seven-year high as holdings in bullion-backed exchangetraded funds expanded to a record. "Sentiment is likely to remain positive in the yellow metal," said Mathur.

Both gold and silver prices in the spot Zaveri Bazaar here gained by over 2 per cent to close at ₹43,130 per 10g and ₹46,205 a kg, respectively. Gold was up by ₹1,054 per 10g while silver was up ₹1,225 per kg.

Additionally, crude oil's positive undertone extended into a third day after the Organisation of the Petroleum Exporting Countries (OPEC) Joint Technical Committee suggested an additional reduction of production by 600,000-1 million barrels per day during the second quarter.

TN copper plant closure costs Vedanta \$600 mn

The fund is now worth over

T E NARASIMHAN

Chennai, 4 March

With the copper smelting plant of Vedanta Group's Sterlite Copper in Thoothukudi (Tamil Nadu) lying shut for close to two years now (since May 2018), losses incurred by the company because of the shutdown are estimated to be around \$600 million so far.

The company has been incurring losses for six consecutive quarters due to the closure and is now seeing a daily loss of ₹5 crore, said a company executive. The company has been fighting a prolonged legal battle and is now waiting for the Madras High Court's order on the issue.

The factory had been facing protests from locals for several vears over the alleged emissions from the factory. The protests took a turn for the worse after the company announced that it would double the plant's capacity to 800,000 tonnes at an estimated investment of ₹2.400 crore.

The expansion was put on accounted for 40 per cent of hold after 13 people were killed in police firing during the protests. The company's application for renewal of consent to operate (CTO) for the existing copper smelter was also rejected by the Tamil Nadu Pollution Control Board (TNPCB) in April 2018.

This was followed by the state government disconnecting power supply to the factory and ordering permanent closure of the facility thereafter. Sterlite approached the National Green Tribunal, New

Higher bauxite sourcing helps firm cut alumina cost by 8%

JAYAJIT DASH Bhubaneswar, 4 March

Higher sourcing of bauxite from local suppliers helped

Vedanta prune cost of alumina making at its Lanjigarh refinery by 8 per cent year-on-year (YoY) to \$269 per tonne in Q3 of this financial year

Alumina production at Laniigarh was up 16 per cent YoY at 476,000 tonnes. Lower alumina cost also led to cut in

Delhi, which set aside the TNPCB's closure order and passed fresh orders for renewal of consent.

The state government approached the Supreme Court, which in turn, set aside the NGT order and asked the company to approach the Madras High Court. At present, the matter is pending with the high court.

The Thoothukudi plant

India's copper smelting capacity and production in India fell by 46.1 per cent during FY19 due to closure of Sterlite's 400,000 tonne production facility in 2018. The factory closed in March

2018 for annual maintenance first, and later due to protests when the government issued an order to close the facility.

The facility contributed around ₹635 crore to the local economy and ₹2,559 crore to the exchequer by way of taxes and statutory contributions.

tonne. Vedanta said, at a recent investor presentation. that local bauxite was now meeting over half of the company's total requirement. During April-December 2019, output at Lanjigarh

cost of production (CoP) of

aluminium at \$1,691 per

refinery was up 24 per cent to reach 1.33 million tonnes (mt), whereas the cost of production was down 16 per cent YoY at \$281 per tonne.

Piyush Goyal, minister of commerce and industry, recently told Rajya Sabha that imports of refined copper had increased from 44,245 tonnes (\$294.95 million) in 2017-18 to 92,290 tonnes (\$605.20 mil-

lion) in 2018-19. Indian exports of refined copper had declined from 378,555 tonnes (\$2,435.57 million) in 2017-18 to 47,917 tonnes

(\$302.27 million) in 2018-19.

This resulted in net imports of 44,373 tonnes (\$302.93 million) in 2018-19 from 334,310 tonnes (\$2,140.62 million) in 2017-18.

During April-November 2019, imports and exports of refined copper stood at 109,324 tonnes (\$684.02 million) and 18,300 tonnes (\$106.35 million), respectively. "Domestic production and exports of refined copper have

declined largely due to closure of the copper smelting plant of Vedanta at Tuticorin." the minister had said.

Small businesses should buy extra cover

A riot may be a low-probability event, but the damage it causes can incapacitate you financially SANJAY KUMAR SINGH

he riots that took place in northeast Delhi recently caused loss of lives and also resulted in the destruction of shops, houses, vehicles and other forms of property. A riot in the nation's capital may be a rare, low-probability event, but it does occur. The incident once again underlines how important it is for businessmen and entrepreneurs to purchase insurance to safeguard themselves against events that can destroy all the assets they have built up over a lifetime.

Business assets: Buy right sum insured

A businessman, who owns a shop, factory, or godown can protect them by buying a standard fire and special perils policy. It provides cover against loss or damage due to riots, strikes and malicious damage. It also covers these assets against other perils such as fire, lightning, explosion, implosion, impact damage, etc.

The cost of this policy, say experts, is not as high as many people assume it would be. "The premium rates, as a percentage of the insured value, start at 0.066 per cent for a shop, 0.098 per cent for a godown, and roughly 0.193 per cent for a factory. They vary, depending on the nature of goods and products stored or manufactured in the premises," says C R Mohan, senior vice president and national head, property and risk engineering services, Bajaj Allianz General Insurance. The mium," says S. Vishwanathan, premium rate will be lower, for national underwriter, SBI General



instance, in case of a godown storing metals, and higher in case of one that stores inflammable chemicals. At the time of purchase, make sure you are not underinsuring. 'The customer needs to decide the replacement value of the structure and buy that much sum insured. For stocks and other contents of the building, the pricing used is market value," says Mohan. In other words,

account when deciding on the sum insured for contents. Insurance buyers need to keep an eve on increases in the value of the insured property, due to the purelsewhere (away from the site) so that it does not get destroyed in an chase of new machinery, raw materials, etc. "Notify such developments to your insurer so that they can be covered by paying an additional pre-

Insurance. He also advises against opting out of any cover just for the minor discount in premium it may fetch vou.

If the proposal form has questions about loss or claims history, disclose the facts properly. If the property is situated in an area prone to flooding, that fact should not be hidden. One silly mistake buyers commit is to give the incorrect address of the premises. Many fill in depreciation has to be taken into their office address instead of giving the address of their godown or factory. Vishwanathan suggests keeping a copy of your insurance policy

> incident Home: Make correct disclosures A home insurance policy will cover both your home (the structure) and

COST OF INSURING YOUR HOME

Compare product features also, not just premium			
Plan	Premium for ₹1 crore sum insured (₹)		
ICICI Home Insurance	19,470		
Bajaj Allianz-my home insurance	18,880		
HDFC Ergo Home Insurance	14,958		
Royal Sundaram Insurance	7,258		
Source: PolicyX			

STEPS TO TAKE AFTER AN INCIDENT

File an FIR with the police, preferably within 24 hours of the event

Inform the insurance company at the earliest so that it can send a surveyor to assess the damage

Even if your policy document has got lost or destroyed, inform the insurer immediately. Do not wait until you have recovered the document

Do not disturb the scene of damage

the belongings within against dam-

age in a riot. "For about ₹10,000-

15,000, you can buy a home insur-

ance policy that has a sum insured

of ₹1 crore," says Naval Goel, chief

executive officer, PolicyX.com.

Mohan adds that the premium starts

from 0.014 per cent of the insured

use the replacement cost for the

structure and market value for the

goods within. Goel suggests buying

a home insurance policy that includes a burglary cover. "The

chances of burglary are higher than

those of riots or natural calamities,"

Disclose facts about your house

correctly in the proposal form, such

as whether it is situated within a

society, whether it has guards, and

To decide on the sum insured,

value for a residence.

he adds.

so on.

If you need to make changes at the scene, take photographs before you do so

These facts help the insurer arrive at the right premium. Incorrect disclosure can become a cause for claim rejection. In case of an eventuality, do not start repair work before the surveyor has visited and assessed the damage.

Buy add-ons with vehicle policy

The base motor insurance policy covers your vehicle against damage due to riots, acts of vandalism, etc. But purchasing a few add-ons will help you get better coverage.

Two types of damages can occur to your car-repairable and total. When the damage is repairable, you take your car to the nearest garage in the insurer's network for repairs. In this case, the insurer will compensate you for the depreciated cost of parts, not their full replacement value. "You will have to pay the depreciation part out of your own pocket. If you live in a sensitive area with a higher probability of a riot, or other such incidents, buy a zerodepreciation add-on cover. The insurer will then compensate you the entire cost," says Animesh Das, head of product strategy, Acko General Insurance.

In case of total damage (the car is beyond repair), the insurer will pay you the insurance declared value (IDV). Suppose that you had bought your car for ₹10 lakh. After, say, three vears, its IDV may go down to 60 per cent, or ₹6 lakh.

In the case of total damage, this is what the insurance company will pay you. If you want to buy the same car again as a replacement, you will have to shell out ₹4 lakh from your own pocket. "To avoid this loss, go for return to invoice add-on. This will negate the loss caused by depreciation in case of total damage," says Das. Some companies cover the exshowroom value, which is ₹10 lakh in this scenario.

Some even cover the invoice value, or the on-road price, which would include the additional registration cost, road tax, etc.

Don't play with debt portfolio

PERSONAL FINANCE 13



HARSH ROONGTA

recent

defaults have started a

search for a safe investment

option. The Covid-19 virus

scare has only accelerated

this search. Yet in the mid-

dle of all this there is the

question - how to increase

returns of the low-risk por-

tion of the portfolio. This

Dil Maange More attitude

from investments is haz-

ardous for their financial

Any investment

can be evaluated

on the three pri-

mary parame-

ters - risk. return

parameters are

inversely linked.

liquidity.

three

the government guarantees them) where it serves a use-

corporate

The

health.

and

These

(SCSS)

some charges for premature encashment after that), the governments SCSS providing an interest rate of 8.6 per cent makes eminent sense since it adds more than 2 percentage points a year with no increase in risk and only a one-year impediment in liquidity. The maximum amount that can be invested is ₹15 lakh.

Another scheme that can be considered is PM Vaya Vandana Yojana (PMVVY) offered by LIC, with backup support from the government of India. Maximum investment allowed is ₹15 lakh. This provides 8 per cent pension per year for 10 years. Money

can only be withdrawn under exceptional circumstances like treatment of critical illness for self or spouse. However, loan is allowed after three years for 75 per cent of the value such that most of the pension

will go in paying interest on the loan and you will get back your amount on maturity. So. there is a higher degree of compromise on liquidity, but the return is good

for no additional risk. For those not eligible for these schemes or who have exhausted their limits under both the plans, my advice is quit looking for incremental return in the portion of your portfolio reserved for low-risk investing. Stick to bank fixed deposits with public or large private sector

banks. If your tax rate is

ful purpose, such as Senior high (taxable income in Citizens Savings Scheme excess of ₹10 lakh), look at banking & PSU debt funds So, investors, especially or liquid funds from the senior citizens, need to larger fund houses. You evaluate their needs carecan look at the Bharat fully. Any attempt to Bond fund of funds. The increase returns should be chance that any investviewed in terms of the risk ments made by these it adds from, say, a fixed schemes will default on deposit with State Bank of maturity is low. Don't play India (SBI) which goes at around with the low-risk around 6-6.50 per cent. For portion of the portfolio. senior citizens who do not

mind the lock-in of their The writer is a Sebi-registered funds for a year or so (and investment advisor

TIPPING POINT

Opt for ready to move-in properties



Business Standard brings you a snapshot of average current rates and unit sizes in localities that offer property in the price range of ₹1.5 crore and ₹2 crore. If you are looking at buying real estate, an idea about prevailing rates would come in handy

	Avg price (₹/sq ft)	Avg unit size (sq ft)
JAIPUR		
Jagatpura	3,229	1,247
Sodala	8,200	492
Ajmer Road	2,535	1,406
Mansarovar Extension	3,520	1,126
Vaishali Nagar	3,517	1,158
MWC Road	2,960	1,280
Tonk Road	2,868	1,344
Kalwar Road	3,157	1,198
MANGALORE		
Jeppu	3,733	1,028
Derebail	4,083	1,010
Kavoor	3,436	1,194
Kulshekar	3,415	1,166
Bejai	4,945	771
Shakti Nagar	3,455	1,149
Kulai	4,262	978
Urwa	4,025	1,103
THIRUVANANTHAPURAM		
Sreekariyam	4,117	1,046
Vazhayila	3,963	1,106
Technopark	3,615	1,159
Pallippuram	2,961	1,161
Mannanthala	3,899	1,010
Kazhakoottam	4,448	1,008
Peyad	4,200	925
Akkulam	4,500	989
VASAI-VIRAR		
Size (Sq Ft)		
Virar (W)	4,702	809
Naigaon (E)	5,057	766
Vasai (E)	4,721	782
Nalasopara (E)	4,840	762
Vasai (W)	5,944	671
Nalasopara (W)	4,461	804
INDORE		
Nipania	3,369	1,285
Super Corridor	2,486	1,472
Vijay Nagar	2,945	1,253
New Rani Bagh	2,965	1,315
Rajendra Nagar	2,860	1,283
Piplyahan	3,608	1,053
VADODARA		
Harni	2,687	1,368
Vasna Bhayli	2,514	1,535
Bhayali Road	2,470	1,492
Chhani	2,482	1,482

Money steps before March-end

Most worry about getting Section 80C benefits, but there are many other moves one has to make for hassle-free tax filing

SARBAJEET K SEN

With March-end approaching fast, both salaried and business persons need to ensure they have made all the right investments, bought insurance and filed claims to get maximum tax benefits. Some of these steps include:

Capital gains planning: If you have

POPULAR TAX-SAVING **INSTRUMENTS**

Fixed income Annua return (%) instruments **Senior Citizens** 8.6

Savings Scheme

advance tax, there is a provision of penal interest. "Any taxpayer whose total tax liability exceeds ₹10,000 must pay

advance tax," says Gupta. Mandatory investments in NPS, PPF

or SSY: Your existing investments or housing loan repayment may have taken care of your Section 80C investment requirement. However, if you have started investing in specific schemes with mandatory investment limits, complete it. For example, National Pension Scheme mandates a minimum investment of ₹1,000, Public Provident Fund prescribes minimum investment of ₹500, and Sukanya Samriddhi Yojana prescribes a minimum investment of ₹250. Deposit this before March 31, otherwise penal provisions will kick in. "This is the overnment's effort to ensure that

If you need low risk, it necessarily comes along with low returns. Risk remaining the same, if you are willing to sacrifice liquidity, you can get a relatively higher return. Only the government can upend this formula to some extent by providing higher returns on some of its schemes (which are low risk because

If you opt for fixed-income instruments in vour portfolio that offer higher returns, they will come with higher risk or lock-in

The ticket price range considered for the above data points is betweer ₹1.5 crore and ₹2 crore

All the data points discussed in the above table refer to primary market only Above residential data set comprises of residential apartments only Above residential data is representative of organised real estate developers

•The top performing micromarkets based on sales during last year November -2018 to October -2019) is represented on the above table •Data points are updated till October 2019 Source: PropEquity



reduce your tax burden if you can set off your capital losses against capital gains. And if you have a capital loss from earlier years, you could offset them as well.

YOUR If you have some MONEY laggards in your portfolio, then this is

the right time to book your losses and reduce your tax burden. "This move is called tax-loss harvesting. Several taxpayers employ this strategy to reduce their tax liability, especially due the to 10 per cent long-term capital gains tax on capital gains on equities beyond ₹1 lakh. Equity shares may be sold at the end of one financial year and purchased again immediately at the start of the next financial year. This helps reduce tax outgo in a particular financial year, without impacting holdings or overall investment strategy. Also, a relook is

READER'S C ORNER
FINANCIAL PLANNING



I am 18 years old. My mother gave me ₹10,000 for my 18th birthday. I want to study in the US after three years, once I have completed my graduation. What is a good investment option for me? I have read about peer-to-peer lending and the stock market. My friend, who is older than me, says I should invest in equity mutual funds.

Investing in the stock market is always a great idea because it definitely creates wealth over the long term. In your case, investing the



Savings Scheme		
Sukanya Samriddhi Account	8.4	
Public Provident Fund	7.9	
National Savings 7.9 Certificates		
Market–linked instruments	Return–5 year CAGR (%)	
NPS-tier1-Scheme E	5.66-7.83	
NPS-tier1-Scheme C	8.53-9.10	
NPS-tier-1-Scheme G	8.65-9.89	
Equity linked saving schemes	-0.64-11.17	
Besides 80C, NPS is also eligible for deduction of ₹50,000 under Section 80CCD(1B)		

needed for stocks in the portfolio which pay good dividends since the incidence will be on the investor from next year," Archit Gupta, CEO and founder, Cleartax.

mutualfundindia.com

Payment of advance tax: If you are in the slab that attracts advance tax, calculate your liability. The last instalment of advance tax is due on March 15. For delayed payment of

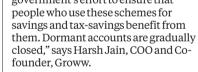
> money you have received will not be adequate to finance your education. It might at most

help you buy your air ticket. Peer-to-peer investment is basically a money-lending scheme, but from an organised and licensed platform. You get a much higher rate of return (12-18 per cent or more) than you would from a fixed deposit, but you also carry the risk of default by the borrower. It is an unsecured loan.

I am a 40-year-old software professional. I have around 45 mutual funds with SIP of ₹500 in each. Is my portfolio okay?

Your portfolio is not okay. You should not have more than seven-eight schemes. Have one or two schemes belonging to each of these categories-large-cap, mid-cap and smallcap, and perhaps one or two sector funds. Diversification and professional management are the reasons for investing in mutual funds, but 45 funds amount to overkill.

I live in south Mumbai in my parents' house. I want to buy a house of my own, but I can't afford one in South Mumbai. I have a budget



File for all reimbursements: If you are an employee and have incurred some expenditure for which you are eligible for refunds, do it now. Apply at the earliest. It will give you time if there is a mistake in your reimbursement applications. Leave travel application and other reimbursements, if not applied for, are paid to you after deducting the taxes applicable.

Belated return for the AY2019-2020 (the financial year 2018-2019): This is

the last chance to file income tax returns for a previous financial year without a fine. Belated income tax return for the previous financial year can be done by March-end. There will be a late fee of ₹10,000 for ITR filed after December 31, 2019, up to till March 31, 2020. However, there will be terms and conditions attached to this. Consult your tax advisor to make the most of the last month of the financial year.

According to research done by Anarock Property Consultants, on an average it took six-and-a-half years for large-sized projects of more than 500 units to be completed in the country. The research was for the

LONG WAIT FOR HOMEBUYERS		
Region/City	Average completion time (yrs)	
NCR	7.2	
MMR	6.5	
Kolkata	6.3	
Pune	6.2	
Chennai	5.6	
Bangalore	5.5	
Hyderabad	5.4	
Average	6.5	
Numbers are for larger projects of more than 500 units. Source: Anarock Research		

period between 2010 and 2019. The Delhi-NCR region had the worst track record in this matter while the southern cities fared better. Given these findings, homebuyers will be better off buying readv-tomove-in properties. Since the real estate market

is depressed, at present the premium between readyto-move-in properties and under-construction properties is not very high.

of ₹40 lakh. I want to buy for tax saving and to have a holiday home. I am the only child and will inherit the South Mumbai house. What do vou suggest?

I do not see any desperate need for you to buy a house. Tax benefits should never be the reason for investing. You should only invest if there is merit in the investment. A holiday home is like maintaining a white elephant. Invest the money you have, make profits out of it, and use that money to travel to various locations around the world. Live in serviced apartments while on holiday so that you feel you are truly in a holiday home.

I am 40 and my son is seven. I have been investing ₹12,000 in equity funds for six vears. I received ₹1 lakh in December 2020 from a previous investment, which I need to reinvest. How much corpus will I need for his higher education by the time he turns 18? The question really is how much will you be able to accumulate for your son over the next 11 years. You must have around ₹12-14 lakh from your investments over the past six years. I assume you will continue investing ₹12,000



per month in equity funds. So, my estimate is that you will be able to build a corpus of about ₹1 crore over the next 11 years.

My husband recently has been posted to Belgium. I shall get a dependent visa. I make ₹45 lakh a year. We are a double-income, nokids household. Together we make around ₹80 lakh a year. Now with the transfer, his salary will be around ₹65 lakh in Indian rupees. Should I move on a dependent visa right now, or wait for a year? We also have a house that will give us a rental income. Everything seems to be going well for you. There is no certainty at the moment about your income in Belgium. Your life can be comfortable with your husband's earnings and rental income from India. You will get time to explore new possibilities there. I do not know your entire net worth. However, if you feel compelled to have more savings, then perhaps you should go to Belgium a little later.

The writer is director, Transcend Consulting. The views expressed are the expert's own. Send your queries to yourmoney@bsmail.in



14 TECHNOLOGY 4.0

Engineering goes digital

Engineering and construction major L&T is executing complex projects with the help of connected machines powered by the latest technologies. TE Narasimhan reports

our years ago, Larsen & Toubro (L&T) was looking at ways to digitally transform many of its businesses. The engineering and construction giant with a revenue of \$21 billion set up a small team of just three people to drive this initiative.

Today, the team, led by its chief digital officer Anantha Sayana, has swelled to over a 100 members and is at the forefront of conceptualising and building solutions, leveraging several of L&T's new-age technologies. These initiatives have helped the engineering major to improve the utilisation of its machines by at least 10-15 per cent. In

fact, the group has become a Using a safety app, model for the global con- site engineers and struction industry on how to **supervisors can** transform itself by using cut- **instantly check** ting-edge technologies. good compliance The digital solutions **processes such as**

have been implemented at **pre-start** L&T inspection. hundreds of Construction's project sites incident reporting and factories, covering and rectification, thousands of equipment, among others materials and workmen. From tracking machines to

collecting data from them, to tracking raw material, training staff and mapping of inaccessible terrains for projects, L&T has successfully leveraged all these technologies.

According to CEO and Managing Director S N Subrahmanyan, the company is using technologies such as the Internet of Things (IoT), Augmented Reality/Virtual Reality (AR/VR), Big Data and Analytics, RFID and QR Codes and advanced image-sensing technologies like LiDAR or Light Detection and Ranging to not only improve performance, execute difficult projects, but also to ensure the safety of its staff.

One such interesting project is the Medigadda barrage, dubbed as the world's biggest lift irrigation system. Part of the Kaleshwaram Lift Irrigation Project and located in a remote, Naxalinfested part of Telangana, here, the company used IoT solutions to limit the

ALGO RHYTHM

physical presence of workers. IoT was used to monitor in real time the production of concrete, track the movement of transit mixers and even the pouring of concrete. The data captured from the machines, transit mixers and trucks were captured and transmitted to remote dashboards that were constantly monitored by operating managers.

According to Sayana, over 11,000 machines at the company's project sites around the world have been equipped with latest technologies, giving realtime data and visibility.

> Another colossal L&T project where technology has played a huge role is the Statue of Unity - the steel, concrete and brassclad statue of Sardar Vallabhbhai Patel, located in the Narmada vallev in Guiarat. Geospatial technologies like LiDAR surveys were used to get intricate details of the terrain of the site, the island and the river bed during var-

ious stages of construction. Radiofrequency identification (RFID) technology was used for the correct identification and installation of the over 6,000 bronze panels that went into the making of the statue. This is because, even though the panels looked

similar, they constituted different parts of the statue. The company has also used LiDAR

in other projects such as the Bar-Bilara-Jodhpur road project, smart city projects in Nagpur, a surveillance system in Mumbai and the City Surveillance and Intelligent Traffic Management System in Hyderabad. Drone-based photometry, which quickly and accurately surveys linear road projects, has been used at the Dholera Special Investment Region site in Gujarat and the Dedicated Freight Corridor Corporation of India Projects in the Eastern and Western corridors.



Geospatial technologies were used to intricately study the terrain of the site for the statue of Sardar Vallabhbhai Patel in the Narmada vallev in Gujarat; (left) Construction work being remotely managed by engineers at L&T's Mumbai office

environmental conditions and also monitor their vitals such as heartbeat, pulse rate, blood pressure and fatigue. the company said.

When it comes to plant and machinery, the company is working on a 3D Grade control system in motor graders, which is equivalent to a driverless car in the construction industry. The system, when ready, will be able to measure blade positions through GPS and control their movement by referring to a 3D design model of the road preloaded on the Grade Control system to achieve precise accuracy.

As part of Industry 4.0, L&T's large welding machines at its factory in Hazira, Gujarat, are now connected and automated. The factory has a modular fabrication facility as well as heavy engineering, defence, shipbuilding, and power equipment manufacturing facilities.

An interesting showcase of the company's digital capabilities, as also its heritage and legacy, can be witnessed at its digital museum in Chennai. A walk through of this touchenabled, multimedia museum gives the visitors a peep into L&T Construction's capabilities. The iPad interactive mosaic/architectural LED video wall showcases the company's 30 most iconic projects. When visitors leave, a telepresence robot bids farewell to them by recording a video or taking a digitally written feedback

2018

60%

Robots and AI can help fight corona



PRANJAL SHARMA

In normal times, the words artificial intelligence (AI) and virus would be mentioned in reference to cyber security matters. These are not normal times, it seems. The Coronavirus called COVID

has spread to a

level where the World Health Organization says that this is "uncharted territory."

In these abnormal times, emerging technologies - even if untested - are being deployed to manage the situation. Robots have been pressed into service for isolated patients while hopes are high that artificial intelligence can help find a counter to Covid 19.

Denmark based UVD Robots is leading from the front with its disinfection robots. "With ultraviolet light, the robots can disinfect and kill viruses and bacteria autonomously, effectively limiting the spread of coronaviruses without exposing hospital staff to the risk of infection," says the company. "The invention increases the safety of both staff, patients and their relatives by reducing the risk of contact with bacteria, viruses and other harmful microorganisms. The concentrated UV-C light emitted by the robots as they drive has a germicidal effect that removes virtually all airborne viruses and bacteria on the surfaces of a room."

More than 2,000 hospitals in China are already using these robots while many are being shipped to other hospitals in Europe, the US and Asia. In China, a local company is believed to be using AI to diagnose potential patients of corona. With patients rising rapidly, human based diagnosis can't cope with numbers. AI-based diagnosis could be the way ahead. Beijing based startup InferVision has developed the software being used by Zhongnan hospital in Wuhan. Similarly, Alibaba's research institute Damo Academy claims to have created an AI-based system, which has 96 per cent accuracy in detecting coronavirus. The algorithm was trained with 5,000 CT scans from confirmed corona

cases to differentiate A densely between COVID 19 virus populated India and ordinary pneumonia does not have virus. the luxury of resources nor can it wait for western countries to develop a solution.India must rope in smart startups in the war against

corona

Another Chinese giant Baidu's AI developers' team has created a tool called LinearFold which claims to slash Covid 19 detection time from 55 minutes to 27 seconds. A US-based startup, Insilico, has used artificial intelligence and machine learning to identify molecules that

could be used to counter Covid 19. Insilico claims that it took just four days to identify thousands of new molecules, which could be turned into medicines. If this works, human trials could begin in weeks rather than the years it takes to identify new molecules. Companies that are involved in public health data surveillance are leading the way in predicting trends in the spread of virus. Some of them like BlueDot and MetaBiota are using social media listening to capture citizen reports that signify relevant symptoms. Many emerging tech companies will find opportunities to test their hypotheses in this time of health crisis. As long as companies are aligned



"The popularity of real-time surveying lies in its simplicity, quickness, accuracy and the elimination of all human errors. It is most handy when executing locations near the sea as it enables automatic stakeout of pile locations on the coast," says the company.

Geospatial technologies like groundpenetrating radar, which provides an X-ray vision into what lies below the surface, have also been useful for the company in executing water and effluent treatment projects.

L&T is also using AR/VR technologies to demonstrate safety practices to its employees. Bar codes at every project sites make periodic inspections easy. Using a safety app, site engineers and supervisors can instantly check good compliance processes such as pre-start inspection, incident reporting and rectification, among others.

The Alchemy

MYTHIC

LEOPARD

ACTIVITY

CLUSTER

It is perhaps fitting that L&T has named its big data engine Alchemy, a word that refers to the medieval practice that attempted to extract gold out of base metals. All the digital data generated by the connected machineries go to 'Alchemy' for processing and provide insights into the company's operations. These include productivity trends of machines, identification of machines to be de-hired or moved to another project site, identifying anomalies in weigh bridge measurements and fuel consumption, among others.

Sayana reveals that most of the solutions are designed in-house or with the help of group technology companies such as LTI, LTTS and L&T-NXT. L&T-NXT, which is a new business unit, looks at taking the innovative digital solutions to external clients in adjacent sectors like oil and gas, power and utilities, transportation and logistics, construction and manufacturing.

That's not all. RFID and bluetooth technologies are being used to match workers to their assigned task locations and indicate when they stray into hazardous areas. A comprehensive database of the skills of all workers help the company to assign the right resource for the right job.

"Our ultimate digital vision is of the 'connected worker' who, with 'wearables' can be 'sensed'. And this can play a vital role in ensuring his safety. Sensors and beacons on workers can detect altitude, temperature and other

THE ADVERSARIES AND THEIR MODUS OPERANDI ADVERSARY DESCRIPTION

- **QUILTED TIGER** After around a year hiatus, CrowdStrike Intelligence identified renewed activity from Quilted Tiger in August 2019. A Kashmir-themed lure was observed delivering the adversary's bespoke BadNews malware
- **VICEROY TIGER** In Aug 2019, Viceroy Tiger made alterations to its

40% Malware-free **51%** Malware-free

2019





ACTIVITY IN CYBER SPACE SINCE

REVOCATION OF J&K AUTONOMY

Cyber space has always been the most fertile ground to spread false news, rumours and propaganda by adversaries or malicious entities whose aim is to prevent the users from achieving their goals. According to a recent report by CrowdStrike, a cyber-security software firm, India witnessed heightened activities by these adversaries post the revocation of Article 370 of the Constitution by the Indian government in August last year. This action, said the report, was immediately preceded by an increase in targeted intrusion activity from adversaries linked to India and Pakistan.

bespoke BackConfig malware, updating the download mechanism, persistence mechanism and data obfuscation. Intermittent use of malicious android malware, including KnSpy was reported while in July, activities were targeted at users associated with the J&K region

Unlike other India-based adversaries, Mythic Leopard was detected consistently throughout the year. It not only continued to target Indian government sector entities, it was seen going beyond its target scope

BITTERCIRCLE This suspected India-affiliated adversary resumed operations during Aug to Oct 2019, using previously identified tools. The actors behind BitterCircle target the Chinese and Pakistani government and defence sectors

GOING BEYOND MALWARE

49%

According to the CrowdStrike report, 2019 saw fewer malware-based attacks globally signifying the change in tactics and techniques by individual adversaries.

WHAT DOES IT MEAN?

MALWARE ATTACKS: These Malware-free attacks: are simple use cases where Those in which the initial a malicious file is written tactic did not result in a file to disk. These intrusion being written to disk. Such attacks generally require a attempts are comparatively simple to wide range of sophisticated intercept and block using detection techniques traditional anti-malware detection and human solutions. threat hunting.

towards public good, all experiments will hopefully yield productive results.

Countries like India must also rope in smart startups in healthcare in the war against corona. The Ministry of Health and state governments should bring in smart minds and deploy the best that tech has to offer. Sometimes untested and unusual ideas $\operatorname{can}\operatorname{help}$ when legacy systems are under stress.

AI and robotics for public health is a real need and has demonstrated great value. A densely populated India does not have the luxury of resources nor can it wait for western countries to develop a solution. There is enough talent and enterprise among Indian tech companies to be able to support the fight against Covid19. It is time for healthcare organisations and public health policy makers to shed their bureaucratic reservations and create a new framework of tech-based collaboration.

Premium perks

Wearables, apps are set to transform health insurance, writes Namrata Acharya

he health insurance sector could be in for a major transformation as technologybacked wellness regimes become the order of the day. Moving away from actuarial data, much of the health insurance benefits in future might be linked to real-time data from health apps and wearable devices.

Last year, the Insurance Regulatory Development Authority of India (IRDAI) invited proposals for products under the sandbox regulatory regime. Regulatory sandbox usually refers to live-testing of new products in a controlled environment. It is similar to a pilot project. The insurer is free to withdraw from the project in case it fails to succeed, and provided it doesn't impact the customers who have already purchased a product.

IRDAI has so far received 173 proposals, most of which incentivise wellness in the health insurance space through the use of apps and wearable devices. Many health insurance companies are already experimenting on these lines. For example, Aditya Birla

Health Insurance has come out with a concept called Active Dayz. A customer needs to wear a device and earn Active Dayz points, which can be redeemed while paying the insurance premium for the next year. The customer can earn an Active Dayz by taking 10,000 steps in a day.

"Our Activ Health app has resulted in significant business benefits, and lesser claims," says Mayank Bathwal, CEO, Aditya Birla Health Insurance. "We have been leveraging several technology solutions such as mobile apps, cloud computing, wearable devices and data integration with other healthcare entities to create an edge and deliver a seamless experience to our stakeholders," he adds.

However, the current regulations carry certain restrictions on such schemes. Insurers are allowed to let customers redeem points earned through activity against the renewal of premium, diagnostic tests, buying medicines, consultations with doctors and buying of health supplements.

Under the regulatory sandbox, health insurance companies are



Health insurance companies are using apps to encourage people to adopt a healthy lifestyle and earn reward points which can be redeemed annually

offering much more for a healthy lifestyle. For example, GOQii, a techenabled, preventive healthcare platform, has helped six companies in the health insurance space to get approvals under the sandbox.

GOOii has designed a co-pay insurance product for Bajaj Allianz, under which a customer can avail of a health insurance cover of up to₹5 lakh without paying any premium, provided they lead a perfectly healthy lifestyle, which is monitored through a wearable

health device.

For example, if the insurance policy claim is for ₹5 lakh, with a 50 per cent co-pay in the health insurance product, the policyholder pays only ₹2.5 lakh and the insurance company pays the balance. If the policyholder is very active, his co-pay amount might come down to zero, which means the entire claim will be paid by the insurer. In this product, the co-pay can change every month, depending on the policyholder's lifestyle as captured on

the GOQii platform.

"Traditionally, health insurance in India has been based on old data. Now, we are moving away from actuarial to real-time data. This is a massive transformation, one where health insurance is based not only on reactive, but proactive days," says Vishal Gondal, founder and CEO of GOQii.

Health insurers are also looking to test targeted disease management programmes under the sandbox. For example, ICICI Lombard General Insurance has got the approval for an app-monitored diabetes and cholesterol management wellness programme. The company will reward customers who exhibit regular exercise and well-managed sugar, cholesterol, weight and hypertension levels, which are monitored through real-time health devices

"Technology is going to bring major disruptions in the health insurance sector. It will increase customer connect, reducing operational costs while giving the insurance companies a lot of data to analyse and come out with better products," says Sanjay Datta, chief underwriting claims, ICICI Lombard General Insurance. According to Gondal of GOQii, in the

same way that cash-backs revolutionised digital payments, such wellness incentives will revolutionise the health insurance sector in the next two to three years.

Watch Your Health is another insure-tech firm which has helped two companies to get sandbox approval. According to Ratheesh Nair, CEO and founder of the company, the sandbox regulation has led to the proposed rollout of a host of tech-backed innovative products in the health insurance space.

For example, one firm is offering to redeem points earned through activity against gym membership or diet consultation. There is also a proposal to provide customers with a personalised health coach, similar to the relationship manager in a bank. Some companies are proposing to reward customers with health monitoring devices like blood pressure and glucose monitoring machines, against a fitness regime. Regulatory sandbox requires the rolling out of pilot programmes to a limited number of customers, from six months onwards. So if all goes well, the health insurance space could be chockful with incentives for a healthy lifestyle by next vear.













Brands scour the sound cloud for a premium pitch

As consumption of wearables soars in the country, brands look at ways to build premium niches in the growing mass market for audio devices

T E NARASIMHAN Chennai, 4 March

7 ith consumption patterns and lifestyle choices rolling down the millennial track, the market for wearable devices in the country is growing at breakneck speed. From fitness devices to hear-ables, consumers have plumped for smart gadgets with increasing fervour and in larger numbers and brands, having flocked in and crowded up the sector, are now looking at ways to score higher margins and lure buyers into big ticket purchases.

From big names such as Titan, Xiaomi, Samsung among others and scores of small start-ups in fitness, audio and health, all are pitching for a slice of the wearables market. With reason too. Shipments of wearables saw an impressive 168.3 per cent year-over-year growth in 2019, closing the year with 14.9 million units, reported the International Data Corporation (IDC).

Within the segment, earwear or hear-ables topped the charts with about 57 per cent share, followed by wrist bands, watches and others. The earwear category grew five-fold, shipping 8.5 million units and watches grew 77.5 per cent. Xiaomi maintained its leadership in the market for the fifth consecutive quarter, followed by GOQii, Titan, Samsung

FROM PAGE 1

Mega merger...

However, the timeline for inviting comments from shareholders will be shorter than what was followed during the merger of Dena Bank and Vijaya Bank into Bank of Baroda, which came into effect on April 1, 2019. Finance Minister Nirmala Sitharaman said the government weighed the benefits arising out of the Bank of Baroda amalgamation before taking a call on the merger of 10 public sector banks (PSBs).

"We looked at the outcome (of the BoB amalgamation) within a short span, with an intention to understand if there are any lessons we need to learn from it and the impact on the performance. The amalgamations are being done so that customers reap benefits of larger banks. There will be more fund for credit and so on," Sitharaman said.

After the process is complete, India will have 12 PSBs instead of 27 back in 2017.

SC lifts crypto ban... Garg said after the judgment: "I stand by



(replaced Fitbit) and Fossil, observation and data, is growaccording to IDC.

previous year.

ing rapidly. It has almost dou-However the numbers tell bled in volume and turnover year on year and there is a lot of just part of the story. While the market is large and growing, it is potential for brands like ours dominated by basic wearables to accelerate in this business. It that account for 96.2 per cent offers opportunities for giving category share, up 177 per cent diverse value propositions to YoY in 2019. However more consumers, which Titan has always been strong in," said expensive and premium products or smart wearables that can Somprabh Singh, business run third-party applications on head-Wearables, the device itself, accounted for Company. just 3.8 per cent of the overall

To drive greater demand for wearable shipments in 2019. premium products, brands are Brands are hoping to prise digging into the lifestyle and open the premium market, by behavioural patterns that mark a millennial consumer, espeoffering consumers a range of value propositions, upgrade cially within the audio devices opportunities and sleekly category, which in many ways is designed products. To an extent akin to the art market. True aficionados are willing to go as this has worked in the past year, as shipments of smart wearhigh as it takes for the right ables grew 49.5 per cent over the sound or the tone and pitch and even the look. Brands such as

Titan

"The market, based on our Harman, Alpine, Blaupunkt, from wired to wireless.

base to Singapore, Malta, or Malaysia. The promoters of one of the largest exchanges, Zebpay, recently sold their stake to overseas investors and, under new promoters, Zebpay will offer crypto-to-crypto trading. Now, such exchanges can allow buying and selling cryptos against money, subject to KYC and banks opening their current accounts.

With inputs from Arup Roychoudhury

L&T plans...

The 1400-MW Nabha power project in Punjab is also put on the block, which could reduce its debt by another ₹7,500 crore.

"Our consolidated debt looks high due to L&T Finance Holdings where it borrows money to lend further. Hence, L&T Finance's debt should not be considered while looking at L&T's debt. Our standalone debt after reducing cash is not high for the size of the organisation. We do have high debt at some SPV (special purpose vehicle) level like power and Hyderabad Metro project, which are on their own steam where debt was taken pased on their own cash flow." Subrahmanyan said for the next financial year, the company did not have any big capital expenditure plan and was conserving cash. "In these times, it's better to have cash in hand. But at the same time, if there is any good opportunity like Mindtree, we will certainly look at it," said he.

Clarion Kenwood, Bose, Sennheiser, B&O, B&W, and scores of others are all chiming in for some ear-time with such customers.

But how does one do that? By building brand equity, according to market analysts. Make a

fan out of a consumer and hook him for life while leading him up the price chain, gradually, they say. Wearable device own-

ers live and breathe active lifestyles, several reports indicate. The consumer also usually pursues an affluent lifestyle and is strongly connected with others who share a similar passion, for fitness or entertainment and health. Working with this insight, brands can offer products that locks them in.

Brands can also generate stickiness by bringing in products at different price points that serve a single function. For example, a hear-able can differentiate its prices on the basis of the quality of the sound or by innovative features. Anisha Dumbre, market analyst, IDC India said, "Ear-worn devices have found huge appeal with consumers, who are spoiled for choice with a variety of models at different price points.

Affordable neckbands are leading the charge of migration

resolution under the scheme and is expecting to gather at least ₹2 trillion by the end of this month.

In the report cited above, the tax department has briefed the panel about the communication with large taxpayers/foreign companies and whether they are eligible to take this route. According to the tax authorities, most of the large taxpayers who have disputes relating to international tax have been contacted. The report said most of these cases were being fought again. They had first gone in favour of assessees, and the department challenged the decisions in higher forums. However, in such cases too, the companies concerned have been told how they could avail of the benefits.

Sources, however, say foreign firms may not be enthusiastic about opting for the scheme because their cases are mostly on legal grounds. Mumbai, which contributes 37 per cent of direct tax, has 448 disputed cases of ₹807 crore, pending before the incometax appellate tribunal, Mumbai.

involving 480,000 cases were stuck. Sources say the government is eyeing 100 per cent

use of private cryptocurrencies is dangerous. They are not stable and have no sovereign backing, and their use can lead to a lot of problems. They can be used to fund illegal activities. They will never work as a payment system." The government will now have to decide on regulating crypto currencies.

The judgment is also expected to benefit blockchain, Nishith Desai, founder of Nishith Desai Associates, which represented the Internet and Mobile Association of India (IAMAI) in this case, said: "We have been fighting this issue since 2013. We have submitted to the government a draft framework for self-regulations incorporating best practices for crypto trade and KYC norms. This ruling will facilitate the growth of blockchain for the benefit of eGovernance in the matters of land records, eVoting, stock records, etc. The government too will benefit as it will be able to collect more direct and indirect taxes."

Exchanges are eager to launch trading in cryptos. Many exchanges have shifted their

In FY20, the company spent ₹10,000 crore to acquire Mindtree, which Subrahmanyan said, would help increase its presence in the IT sector. "Ultimately, the plan is to merge Mindtree and L&T Infotech once the new management settles down, but the merger is still one or two years away," he said.

L&T earns almost 75 per cent of its revenues from the EPC (engineering, procurement and construction) and projects business, followed by 15 per cent from IT and financial services, and the rest from manufacturing. "The defence business is a permanent start-up but it is limited by its size while it's the services business which will grow faster. These companies are growing at

the rate of 15-16 per cent a year and will continue to grow at the same pace, faster than other businesses," he said.

Subrahmanyan said FY20 was one of the toughest years in recent times. As the company has several verticals, once one vertical went down, others chipped in. "The hydrocarbon, power transmission, water and power sectors did well."

The domestic order book did not see any major change, though it received some good orders from West Asia in the hydrocarbon and water segments. The company also received some good orders from Africa in power transmission and water which compensated for slow orders in India. In the power sector, the company received an order to set up a power project in Buxar worth ₹7.000 crore.

5K entities...

The report highlighted that 80,332 appeals of direct tax involving ₹4.5 trillion had been pending before forums including the commissioner (appeals), income-tax appellate tribunals, high courts, the SC, and dispute resolution panels. Earlier the impression was that tax _ demands of over ₹9 trillion and this year, an executive said.

india inc...

In case he's not available, officials at the level of senior vice-president have to give permission. Any employee with symptoms is being told to work from home. "We are also promoting the use of video conferences, and are temporarily avoiding big events," said a company spokesperson.

Among others, Tech Mahindra and IPE Global have cancelled events. "There's a push towards using tech for meetings," said Ashwajit Singh, MD, IPE Global. Harsvendra Soin, chief people officer of TechM, said the firm was stocking up on supplies of sanitizers, emergency medicines, and food.

Meanwhile, Karnataka has issued an advisory to IT firms to avoid non-essential travel to affected countries. Firms such as /ipro and TCS have sent out advisories, too.

According to sources at Wipro, the firm has formed teams to assess the situation at its campuses. Wipro employees, who've travelled to any affected areas within China in the last few days, have been asked to work from home for 14 days. "Wipro has suspended travel to and transit through mainland China, including Hong Kong and Macau, until further notice. Employees have also been advised to avoid non-critical travel to Singapore, South Korea, Japan and Italy," the company said in a statement.

Intel, too, has sanitised its offices in Bengaluru. "All vendors, who are coming to our offices, are being screened," said an Intel employee. US-based IT services firm Aeris Communications, which has its India office in Noida, has started distributing medically certified N95 masks to its employees.

As the risk of infection increases, FMCG firms are also taking several precautionary measures to minimise employee exposure. Apart from travel advisories, Hindustan Unilever has ramped up cleaning efforts in offices. Hand sanitizers in office corridors are a common sight. Companies such as Godrej Group, RPG Enterprises and Titan have also sent out internal mails, advising employees to restrict travel to coronavirus affected geographies. The common instruction across offices: wash your hands frequently, and use sanitizers liberally.

Major upcoming events such as Ficci Frames and Indian Premier League (IPL) cricket tournament, scheduled later this month, haven't been postponed yet, but there's a shadow of uncertainty. The participation of delegates at Frames could be poor



Coming soon: Own Michelin rankings



PAVAN LALL Mumbai, 4 March

16

private equity а investor, a culinary journalist and an award-winning Indian chef, with two Michelin stars, come together over a venture? Well, it's India's very own version of Michelin Star rankings for Indian chefs.

Everstone Group's cofounder and chief executive Sameer Sain, a huge fan of Indian food, founded Culinary Culture, which aims to provide authoritative rankings to restaurants and chefs through Foodstars — the Indian equivalent of Michelin Rankings.

Michelin Guides are a series of books **Everstone Group** that have been co-founder & CEO published by the Sameer Sain, chef French tyre firm for **Gaggan Anand**, several decades and **and journalist** gives awards by star Vir Sanghvi have ratings from one to **come together** a maximum of **for this venture**

three. The gain or loss of a star can lead to a sig- globally-ranked chefs to India nificant impact on the success of a restaurant in Europe and the international markets.

"Indian food isn't mainstream yet. Italian cuisine and even Japanese and Peruvian food are. You don't see Indian food around the world. This is an initiative that will hopefully change that around," said Sain. "The three biggest things in India are actually cricket, Bollywood and food."

would be around \$5 million and that the Foodstar rankings, expected to come out in the near future, are a professional purist ranking. These rankings will not be influenced by ads, votes or democratic populism.

Sain, whose Everstone Group has funded and backed stars, an award for street food Burger King in India, said the vendors.

India plans Chandrayaan-3 launch by first half of next yr

The Organisation (Isro) is planning to launch Chandrayaan-3 during the first 2019. The mission has been configured the most complex mission attempted

Chadrayaan-2. Earlier, Isro Chairman K Sivan had said Chandrayaan-3 would half of 2021. The previous one crash have a similar configuration to the landed on Moon's surface in September Chandrayaan-2, which he described as pole of Moon — on a spot that no oth- around ₹610 crore, including ₹360 crore observation satellite was scheduled to

Indian Space Research based on the lessons learnt from by Isro. The revised configuration takes Isro will attempt to launch in the same care of the robustness in design and area, and would have a lander, rover lsro has decided to postponed GISATcapacity enhancement for flexibility. Isro had aimed to land on the south cessor. The spacecraft would cost GSLV-F10 carrying India's first agile Earth er landing craft had reached before. for the launch rocket. **TE NARASIMHAN**

GISAT-1 LAUNCH POSTPONED and propulsion module like its prede- onboard GSLV-F10 launch. The rocket launch on March 5.



will be determined by professionals who understand the trade and include chef Gaggan Anand, who will serve as mentor for Culinary Culture.

Will the platform be partial to particular kinds of cuisine? "We are not looking to promote chefs who are corporate bosses or chefs who are into reality shows," said Anand. "A chef is supposed to cook and the idea is to rank and promote the best of chefs who are true to their art no matter what they cook. I am a Kolkata boy but started train-

> ing as a pastry chef." Anand's point is that influences will vary across every chef's personal journev but what matters ultimately is how good it tastes. Culinary

Culture will bring as well as take local chefs abroad so they can work at world-ranked eateries.

Vir Sanghvi, executive chairman for the venture, said Foodstars, which will be awarded, will go through a rigorous process of evaluation from The Academy, a team of culinary 50 experts, food critics, and industry personalities as well as writers spread across 15 cities.

"Ultimately, it's all about He said initial funding good food but that doesn't mean it will be restricted to gourmet eateries or five-star joints," Sanghvi said. "There are dhabbas and sidewalk restaurants that will also be part of the consideration."

Culinary Culture has also launched Street Food Super-

Nirav Modiassets garner ₹2.29 crore in online auction

Items were expected to fetch ₹50 lakh



PAVAN LALL Mumbai, 4 March

An auction of cars, sculptures - including watches and designer handbags _ belonging to diamond jew-

beat estimates. the deputy four times that number.

sold at a total value of ₹2.29 crore. "We saw competitive bidding across categories and and personal objects of value countries, with well over 700 advance bids received prior to the auction's opening, making it one of the most successeller Nirav Modi, accused of ful online auctions to date," bank fraud, went under the said Minal Vazirani, president hammer on Wednesday and and co-founder Saffronart. Nearly all lots surpassed

Auction closed with all lots

The auction was conduct- estimates. Top items included by Saffronart on behalf of ed a Porsche Panamera that director, was driven by Nirav Modi's Enforcement Directorate, wife, Ami Modi, that went for Mumbai, and was expected ₹36 lakh; a gold Cartier wristto garner ₹50 lakh in pro- watch that went for ₹36 lakh; ceeds, but generated over and, a Vianney Halter and Goldpfeil wristwatch that Saffronart's Spring Online was sold for ₹13 lakh.